

The NATIONAL UNDERWRITER



FINANCIAL STATEMENTS DECEMBER 31, 1952

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	\$11,925,000.	\$125,872,513.	\$71,027,539.	\$54,844,974.
Girard Insurance Company of Philadelphia, Pa. <small>Organized 1853</small>	1,000,000.	12,515,163.	8,032,056.	4,483,107.
National-Ben Franklin Insurance Co. of Pitts., Pa. <small>Organized 1866</small>	1,000,000.	12,310,134.	7,653,165.	4,656,969.
Milwaukee Insurance Company of Milwaukee, Wis. <small>Organized 1852</small>	2,000,000.	32,979,149.	20,735,873.	12,243,276.
The Metropolitan Casualty Insurance Co. of N. Y. <small>Organized 1874</small>	1,500,000.	38,563,554.	30,241,571.	8,321,983.
Commercial Insurance Company of Newark, N. J. <small>Organized 1909</small>	2,000,000.	45,543,960.	35,212,720.	10,331,240.
Royal General Insurance Company of Canada <small>Organized 1906</small>	100,000.	452,493.	1,155.	451,338.

HOME OFFICE

10 Park Place
Newark 1, New Jersey

WESTERN DEPARTMENT
120 So. LaSalle Street
Chicago 3, Illinois

PACIFIC DEPARTMENT
220 Bush Street
San Francisco 6, Calif.

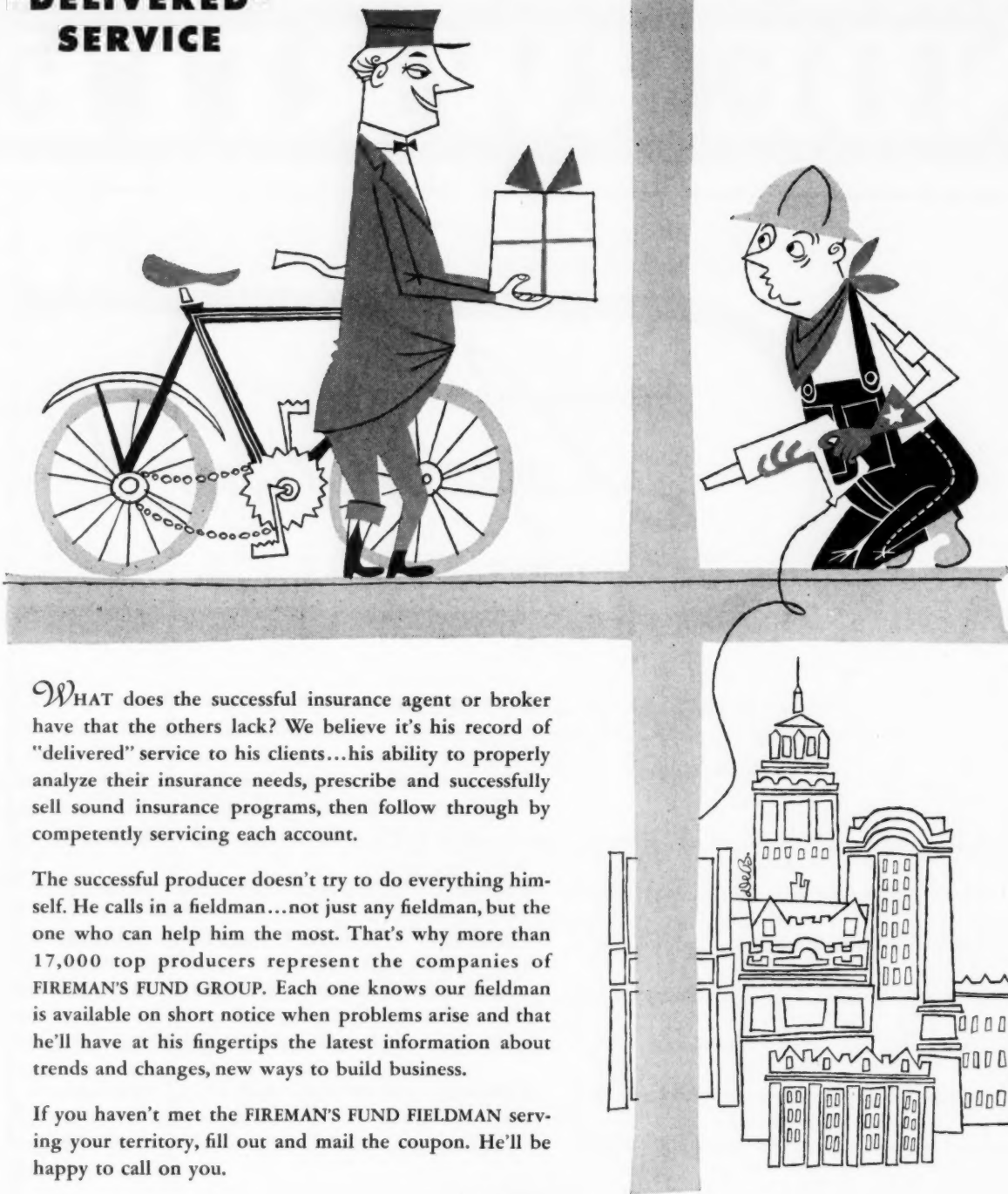
SOUTHWESTERN DEPARTMENT
912 Commerce Street
Dallas 2, Texas



FOREIGN DEPARTMENTS
102 Maiden Lane
New York 5, New York
206 Sansome Street
San Francisco 4, Calif.

CANADIAN DEPARTMENTS
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

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THE NATIONAL UNDERWRITER. Published weekly (with one additional issue in June) by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. 57th year, No. 26, Thursday, June 25, 1953. \$6.00 a year (Canada \$7.00, Foreign \$7.50). 25 cents per copy. Entered as second-class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 3, 1879.

The NATIONAL UNDERWRITER

57th Year, No. 26
June 25, 1953

The National Weekly Newspaper of Fire and Casualty Insurance

Competitive Picture Is Scanned by H. P. Stellwagen

Rate Regulatory Law
Revision Called Part
of the Answer

Substantially in full there is given herewith the text of the address of H. P. Stellwagen at the convention of Virginia Assn. of Insurance Agents at Roanoke which consists of an appraisal of competition in the insurance business. This is a thoughtful and comprehensive message and goes to the heart of the all-important question facing stock companies and their agents. Mr. Stellwagen is executive vice-president of Indemnity of North America.

Competition is an essential element of American business. More than 60 years ago the Congress took a position against monopoly by declaring actions which substantially lessen competition to be unlawful. Ever since that time, American manufacturers and distributors have vied with one another in the effort to secure public approval of their goods and services. As a result the consumer now has a choice of the finest automobiles, household appliances, television sets, and a multitude of life's comforts and necessities.

It is probably true that the Sherman act and the Clayton act have on occasion

(CONTINUED ON PAGE 7)

Losses of Agency and Factory Mutuals in Worcester Tornado May Run \$10 Million

WORCESTER—Agency mutuals' losses in the Worcester area tornado appear to be somewhat in excess of \$5 million, possibly considerably higher, as many estimates on individual losses are proving very wide of the mark, on both the high and low sides. Worcester Mutual Fire had about 800 claims for a total of \$2 million early this week, while the catastrophe office set up by the agency mutuals at Worcester has assigned about 2,000 claims. Assuming that these claims average no more than Worcester Mutual's, this would be about \$5 million in all, but additional claims are still coming in.

Included in the agency mutuals' losses is 25% of the estimated \$1½ million loss on the state housing project, or \$375,000. The remainder was in five stock companies.

The mutual catastrophe bureau represents only agency mutuals. It has 23 New England mutuals and 14 from outside the territory.

The Factory Mutuals' current estimate of their losses in the New England storm is \$4 million. Besides the \$1½ million loss on the Norton plant and about \$1.2 million on the federal housing project the only other large FM loss is about \$1 million on the plant of the Vellumoid Co., at Worcester, which makes packing material for valves. The Norton loss will be increased somewhat by damage from wind-driven rain in a severe wind last Sunday that tore away temporary roofing. The loss on the federal housing project could be anywhere from \$1

million to \$1½ million, the wide range being due to the great disparity of bids for reconstruction in the devastated area.

Hail, Rain, Wind Hit Wichita to the Tune of \$8 Million

Hail, rain and wind which struck Wichita, Kan., the evening of June 21 have produced an estimated 30,000 losses which will cost the insurers in excess of \$8 million.

Most of the losses were caused by hail, and the average will exceed \$200. At 5:45 p.m. there was a hailstorm of such violent proportions that some of the stones punctured roofs. This was followed by rain, causing interior damage to homes, and then at 9:30 p.m. a wind reaching a velocity of 100 miles an hour roared through the town. The National Board has assigned catastrophe serial No. 43 to this disaster, and B. P. L. Carden, assistant general adjuster in charge of the supervisory office at Detroit, is visiting Wichita to survey losses there. The National Board may set up a temporary office at Wichita.

Wichita has a population of less than 200,000 persons and there are approximately 30,000 buildings in the city. It has been for some years the leading locality in the U. S. for serious hail losses, and one of the results is that the populace is well insured. In 1948, there was a bad hailstorm producing 30,000 losses and then in 1951, a lesser storm brought 20,000 losses. In March of this year there was a hailstorm which caused 15,000 losses, so that from 1948 through the storm of last Sunday, there have been 95,000 hail losses in Wichita alone.

Hutchinson, Kan., suffered a minor loss from a wind occurring about the same time, but it did not reach the velocity of that at Wichita. At McPherson, Kan., there was a hailstorm only and about 3,000 losses are expected from this and they will average about \$125.

Western Adjustment and Underwriters Adjusting are sending as many extra men as can be spared to Wichita, but they have run into a shortage of personnel since adjusters are still spotted at Detroit, Cleveland, Springfield, Ill., Austin, Minn., and a few other places cleaning up tornado losses. C. C. Crow, Jr., who has been manager for Underwriters Adjusting for 25 years, will have charge of the Wichita storm claims for his organization, and for Western, Fred Welsh, storm supervisor, who has headquarters at Lincoln, will be in charge of the storm losses, working with W. W. Rowse, Wichita manager.

The wind caused several serious losses running from \$10,000 to \$15,000, but details on the insurance and the exact amount of damage is not yet available. Among the manufacturers hit are the Beechcraft and Cessna airplane plants.

Jainsen President, Rutherford Hartford Accident Chairman

Manning Heard Is
Named First Vice-President
and General Counsel

Paul Rutherford has gone up from president to chairman of Hartford Accident, and Willard C. Jainsen becomes the new president. The latter also was elected a director. Manning W. Heard, who is president of Assn. of Casualty & Surety Companies, is named 1st vice-president and general counsel. He was vice-president and general counsel.

Mr. Rutherford's health has been uncertain in recent years. He joined Hartford in 1915 as New York manager, and was elected vice-president in 1925 and vice-president and general manager in 1934. He is a director of Hartford Fire and a trustee of Hartford-Connecticut Trust Co.

Mr. Jainsen was a summer employee of Hartford while he studied at Brown. He subsequently served in a number of field claim offices, and in 1935 was elected vice-president in charge of casualty claims. He is a former president of Governmental Research Institute. He was fire commissioner of Hartford and also prosecuting attorney, trustee of Oxford School and vice-president of Connecticut Chamber of Commerce. He is now vice-president of Hartford Y.M.C.A. and is a director of Connecticut General Life, Hartford Gas Co., Society for Savings, Riverside Trust Co., and Silex Co.

Mr. Heard was educated at Tulane and joined Hartford in 1933. He became secretary in 1937 and vice-president two years later, and subsequently vice-president and general counsel. He has served as a member of the board of finance of Hartford and a director of Hartford Chamber of Commerce.

Sioux City Flood Losses

A number of insurance losses has developed out of the flood at Sioux City, Ia., although in the aggregate they are not burdensome. There are some losses under manufacturers output policies and there are some warehouse losses due to water being in the basement. There were some grain losses in box cars and a few other types of miscellaneous loss. The biggest flood loss was at the stockyards and here there was no insurance.

Crop Dusters Must Insure

A new regulation adopted by the North Carolina state board of agriculture requires airplane crop dusters to carry liability coverage in the amounts of \$5,000 P.D. and \$10,000/\$20,000 B.I. coverage. It is to cover only against damages caused by the aircraft, not for damages resulting from the application of pesticides.

Crop dusters protested that the insurance might be difficult to obtain so the board added a proviso it will become effective when the commissioner of agriculture determines the coverage is available.

Late News Bulletins . . .

Casualty Underwriting Gain Reported

NEW YORK—Stock casualty and specialty companies licensed in New York had an underwriting net gain of \$14,668,419 for the first quarter of 1953 as against a loss of \$35.8 million for the first 1952 quarter, according to the New York department. Fifty-seven companies reported aggregate gains of \$25½ million, while 34 companies had losses totalling \$10.8 million. It was the fourth consecutive quarter that the companies have shown an underwriting profit.

American Surety Has Minneapolis Change

American Surety at Minneapolis has advanced George B. Lanphear, Jr., from manager to resident vice-president and Hans H. Homeyer from assistant manager to manager. Mr. Lanphear will be in charge of all grain and lumber insurance business. He joined the company in 1938 and in 1945 was named manager. He is a graduate of St. Paul College of Law. Mr. Homeyer was employed in 1939 and has served as both special agent and superintendent of casualty. He is a graduate of University of South Dakota and has been assistant manager at Minneapolis since 1950.

To Reduce Suburban and Rural Rates in Ohio

COLUMBUS—Most major insurers will reduce rates about 6% for Ohio suburban and rural properties located between three and five miles of a recognized fire department, H. L. Krieger, assistant manager of Ohio Inspection Bureau, said at the convention of Northwestern Ohio Volunteer Firemen's Assn. Presently all properties more than five miles from a fire station are class 10, taking the top rate. The plan is to put properties within a three-mile radius into class 9.

• Frank J. Finley, one of the deans of field men in New Jersey, is retiring as state agent for London Assurance, and plans to enter the independent adjusting field. Paul Kicey, who has been special agent under Mr. Finley since last September, becomes state agent. Mr. Finley in 1903 became a messenger for the New York City brokerage firm of Thompson-Bellows. Three years later he left to become a clerk for New York Telephone Co., but this connection lasted

(CONTINUED ON PAGE 28)

Agricultural Has Gala Observance of Its 100th Anniversary; Strong Position Stressed

By JAMES C. O'CONNOR

ALEXANDRIA BAY, N. Y.—Agricultural is holding its 10th anniversary celebration and affiliated Empire State its 25th at the Thousand Islands Country Club here, about 30 miles from the home office at Watertown. About 150 field men, home office executives, general agents and invited guests and their wives enjoyed the scenery of the upper St. Lawrence river area and the hospitality of the company in a meeting which did not neglect the business side of steering an insurance



Robert G. Horr



E. J. Dickey

company through the vicissitude of 100 years but which stressed the fellowship and friendliness which have made the expression "Ag-Empire Folks" far more than a publicity man's inspiration.

At the business session Monday morning President Robert G. Horr reported that the recent stock offering of 100,000 additional shares with a par value of \$10 per share was successfully sold out, bring Agricultural an additional \$2,870,000, of which \$1 million has been added to capital and the balance to surplus. He emphasized that the companies do not intend to use this money to plunge into multiple line operations. Instead, Agricultural will proceed very cautiously, sticking for the present to casualty lines such as householders limited theft and comprehensive personal liability insurance, which can be written in connection with established fire insurance coverages.

Mr. Horr said the objectives of the company and those which it hoped to strengthen by the new issue remain unchanged—to encourage a steady, consistent growth of desirable business and to make money. He praised the agency force of the companies and the caliber of its field men and asked the organization to keep the friendly, down-to-earth atmosphere which has marked it during its first 100 years. Its good will, Mr. Horr said, is an asset which no insurance commissioner is permitted to approve on its balance sheet but which is an essential part of its operation.

It was obvious to any observer that Mr. Horr has "arrived" with the Agricultural organization and that in a relatively few years he has made himself a successful and popular president, despite the fact that his background was almost entirely financial. He was thoroughly familiar with Agricultural and the spirit of the organization before he moved in and this, plus his humble, inquiring approach to the matter of insurance operations and his eagerness to learn details from everyone, has endeared him to the close-knit Agricultural group. He got a tremendous spontaneous hand from

the group when he took a bow at the opening dinner Sunday. So also did E. J. Dickey, chairman and retired president, who in a short talk at the same function told of the growth of the companies and asked everyone to carry on in the same way for the next 100 years.

At the Monday business meeting K. E. Chapman, vice-president, reviewed underwriting results. He pointed out that Agricultural's loss ratio has consistently improved over the National Board overall ratio, but that the companies have written less than the national average share of time element coverage. He asked the field men and general agents to help develop this side of the business. It was typical of Mr. Chapman's talk, as was the case with all the others, that very little time was spent in praising the last 100 years or in self-admiration. The future and the development of future business predominated throughout the session.

George C. Peacock, secretary in charge of the automobile department, reported that automobile experience has been satisfactory and that premiums have shown a most satisfying increase. He said that 70% of the new automobile policies contain a loss payable clause, indicating that the automobile has been financed and that since federal restrictions on automobile financing were removed about a year ago 53% of the policies representing 75% of the premiums have been written for a longer term than 18 months. As a result, he said, automobile physical damage insurance has become a term instead of an annual business and from now on the earned-incurred loss ratio must be considered in judging accounts and agencies.

Wilson Lively, secretary, told of the progress of the companies with multiple line underwriting, emphasizing the additional extended coverage endorsement, homeowners policies and glass, limited theft and comprehensive personal liability endorsements to dwelling and contents fire policies. He described a \$1,664 water damage loss under additional extended coverage, of which all but about \$1,600 was paid by Empire State. He distributed photostatic copies of the loss draft, which he said should be a tremendous help in promoting the sale of this coverage. In answer to a question, he said that about 60% of the homeowners policies have been under form B, which provides additional extended coverage and up to 20% available for additional living expense insurance.

He said this contract is broader than form A, although more expensive, and urged field men to push it. In the discussion which followed his talk it was obvious that the agent has been a greater barrier to the sale of additional extended coverage than the insured and all agreed that much education needs to be done among agents.

J. R. Willmott, secretary, described a number of changes in loss procedure aimed at simplifying work of field men, including elimination of sending copies of daily reports to field offices and making out loss drafts without including the mortgagee, where the loss is less than \$25.

J. C. O'Connor, Cincinnati, executive editor "Fire, Casualty & Surety

Bulletins" of THE NATIONAL UNDERWRITER, discussed developments in fire and marine coverage. Each talk was followed by an open question and answer period ably conducted by Vice-president G. G. Inglehart, particularly after Mr. O'Connor's talk. The questions covered the entire range of fire insurance and provoked animated discussions on many points.

At the Sunday dinner Mr. Inglehart gave a comprehensive account of the history and geological development of the St. Lawrence river country, which amazed even long time residents of the country. Bows were taken by D. F. Cox, Jr., of Appleton & Cox, long-time marine managers of Agricultural and Empire State, and by R. M. Chambers, New York, chairman U. S. Aviation Underwriters, which handles aircraft insurance for the group. Mr. Cox presented Mr. Horr a portrait of a clipper ship in recognition of the long association of the two groups.

H. H. Landon, Springfield, Mass., state agent, in the name of the field force presented Mr. Horr a specially printed guest book which all employees and guests were asked to sign and which will be used for the autographs of guests during the balance of the centennial year.

Malcolm Cravens, San Francisco, took a bow as the representative of the companies' newest general agency. Cravens, Dargan & Co. have just taken over representation following that firm's absorption of Edward Brown & Sons. Jules Simoneaux of the new Orleans general agency of Henry A. Steckler Co. also took a bow as new president of American Assn. of Managing General Agents.

Outside the Monday business meeting and the Sunday dinner, there were no formal or mandatory sessions. Boat rides, motor trips to Canada and golf were available and a holiday atmosphere prevailed. The Watertown Times published a series of historical articles on the history of Agricultural and its importance to the community, which ended the Saturday preceding the meeting.

Henry Anderson Heads A.M.A. Insurance Division

Henry Anderson, insurance manager of American Broadcasting-Paramount Theaters, has been elected vice-president of the insurance division of American Management Assn. Paul H. Schindler, insurance manager of Youngstown Sheet & Tube, has been elected as a new director, and E. H. Conarroe, manager of Policyholders Service Bureau of Metropolitan Life, was reelected as a director.



Henry Anderson

Dallas Mariners Elect

Edward Turman, Gulf, was elected the new skipper of Mariners Club of Dallas at the annual meeting recently. Frank Rimmer, Jr., Frank Rimmer Co., is mate, and the purser is Tom Ebner, Marine Office of America.

New Trinity Universal Director

James H. Boggess has been elected a director of Trinity Universal. He fills the vacancy that was caused by the death of his father, the late O. S. Boggess. J. H. Boggess is manager of Higginbotham-Bartlett Lumber Co. of Dallas.

COMMISSIONER AGAINST IT

Withdraw Proposal for \$50 Mandatory Deductible in Ark.

LITTLE ROCK—Proposal for a mandatory \$50 windstorm deductible in extended coverage with no reduction from present rates, which was filed June 1 with the insurance department by Arkansas Inspection & Rating Bureau, was withdrawn by the bureau when Commissioner Combs indicated he would not approve a mandatory deductible. Mr. Combs stated, however, that if an optional plan were submitted the department would give it consideration.

Under Arkansas' fire rating law, a new rate filing becomes effective automatically 15 days after it is filed with the department unless the commissioner disapproves it in the interim or extends the review period 15 days by written notice to the filing organization. In this instance, Mr. Combs had extended the review period by the additional 15 days, the filing would have normally become effective about June 30. However, the bureau withdrew its filing to avoid a formal disapproval of its proposal.

In support of its filing, the bureau presented figures showing the 10-year extended coverage loss ratio in Arkansas on an earned-incurred basis to be 66.62 with an E. C. adjustment expense of 7.4%, making a total of 74.02. The bureau maintained these figures justified a rate increase of 25%. Using statistics developed in 18 midwestern states as its basis, the bureau estimated that a mandatory \$50 windstorm deductible in Arkansas would reduce losses 31%.

Ten-year earned E. C. premiums, 1942-1952, were shown as \$24,266,337 with incurred losses of \$16,066,151. Applying the above estimate of the effect of the deductible these incurred losses would have been only \$11,085,644, or a loss ratio of 45.7%. To this the bureau then added an expense factor of 52.8% (45.4% expense factor plus 7.4% adjusting expense) and an underwriting profit factor of 5% as allowed by Arkansas law, to arrive at a total of 103.5% as its estimate of the effect of the deductible. The present total, according to the bureau, of losses, expenses and underwriting profit allowance is 124.8% for the 10-year period. "It should be borne in mind that the above figures", the bureau's supporting data pointed out, "do not include any catastrophe allowance, which certainly must be included on this hazardous line."

Included in the bureau's data was an exhibit showing a 10 year combined E. C. and windstorm experience of 18 midwestern states. Five states had a combined loss and loss expense ratio to earned premiums higher than Arkansas' 74.02%: Colorado, 1.407; Kansas, 1.047; South Dakota, .935; Oklahoma, .897; and Nebraska, .81. Ratios shown for some of the other states were: Minnesota .731; Iowa, .682; Wyoming, .689; New Mexico, .659; Indiana .611; and Missouri, .61. Average for the group as a whole was .623.

A previous effort to file a mandatory \$50 windstorm deductible was made in February, 1950. Former Commissioner Graves denied the application but in August, 1950, granted the bureau about a 25% increase in E. C. rates on dwelling.

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Pa. Case Seems Not To Disturb Agents' Expiration Control

Neville Sees It as General Agency Matter, But What About Installment Plans?

Some features of the problem of ownership of expirations were discussed by John F. Neville, executive secretary and general counsel of National Assn. of Insurance Agents, at the Virginia agents' convention at Roanoke. He analyzed the case of V. L. Phillips & Co. vs. Pennsylvania Threshermen & Farmers' Mutual Casualty, which is still in the courts.

In that case, for the first time, he said, there is the 3-cornered situation of company, general agent and local agent involved. Everyone agrees the local agent owns his expirations, but in this case they constantly talk about ownership by the general agent of his expirations.

It is difficult to understand how both the general agent and the local agent can own the same expirations. However, Mr. Neville does not believe that is what is meant by ownership of plant. This surmise he bases strictly on his analysis of the developments in the case up to the present.

General agents have asserted their ownership of plant for many years, and there has been little difficulty arising from this. The local agent uniformly has owned his expirations. If difficulty arose between a general agent and company, it apparently was settled outside the courts. Up to the present stage of development in the case, he does not believe that the Pennsylvania Threshermen case has any dramatic bearing on ownership of expirations by the local agent.

However, it points up one thought. As a local agent should always know his agency agreement inside out and be certain it contains an ownership of expirations clause, so should that agent, if he happens to report through a general agent, know exactly what the rights and obligations of the various parties concerned are. When a general agent enters the picture, the relationship between the local agent and company undergoes some change and becomes more complicated, though in no sense more undesirable. In these relatively complex legal relationships, all parties should understand exactly the limitations of the situation so that they may conduct their business in an intelligent fashion, he advised.

The Phillips case, which has been discussed considerably by agents and companies, began July 27, 1950.

Phillips became the general agent of Pennsylvania Threshermen in Virginia. Phillips represented other insurers and did some direct business. In addition his agency appointed other agents for various portions of its territory. The local agents reported directly to Phillips, who in turn reported to the company. Phillips received a portion of the commissions arising from the business of the issuing agents. The contract of the Phillips agency with the company contained the provision:

"In the event of the termination of this agreement, the agent not being in default and thereafter promptly accounting for and paying over balances not in default for which he may be liable, the agent's record, use and control of the expirations shall be

deemed the property of the agent and left in his undisputed possession; otherwise the records, use and control of expirations shall be vested in the company. Furthermore, upon termination of this agreement, from any cause whatsoever, neither the agent nor his heirs, administrators, executors or assigns shall have any right to any commission upon, or remuneration from, the renewal of any policy or business previously written, which may be continued with the company."

This provision is the one which is

causing the difficulty.

With the exception of the contract held by one agent, the contracts between the company, the general agent and the local agent, contained no ownership of expiration clause.

Difficulties arose and the general agent's contract was terminated pursuant to its provisions and subsequently the company reappointed some local agents who had reported through the general agent. Thereupon the general agent brought action for damages for alleged interference by the company

in his property rights which he characterized as expirations.

All parties to this litigation have agreed that the local agent owns his expirations even though that right was not specifically set forth in any of the local agency contracts but one. The district court on a motion for summary judgment by the company stated in substance:

Phillips, with relation to his issuing agents, occupied substantially the same position as the insurer. He had no

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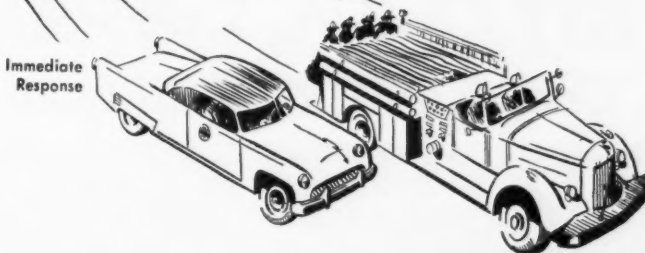


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ADT

Johnson Independent Adjusters' New Head

SAN FRANCISCO—M. M. Johnson, Fort Wayne, Ind., is the new president of National Assn. of Independent Insurance Adjusters, succeeding Ed. H. Bockius, San Francisco. Marion B. Arnold, who was regional vice-president from Miami, Fla., the past year is the new executive vice-president. Benjamin Horton, Louisville, remains as executive secretary and treasurer.

Regional vice-presidents are: J. J. McDevitt, Boston, eastern division; Thomas J. Hollis, Orlando, Fla. south-eastern; C. J. Peck, Chicago, central; J. L. Hill, Des Moines, Missouri Valley; Lloyd Caldwell, San Antonio, south-western; Merton A. Jordan, Denver, Rocky Mountain; Cecil C. Thompson, Oakland, western; A. E. Campbell, Seattle, northwestern. Mr. Bockius was added to the executive committee.

Next year's convention is set for Atlantic City in June although San Antonio and Detroit fought for the honor with San Antonio unofficially declared the winner just prior to the final decision late Saturday night.

Fully aware of the problems and inroads on their business, the independents set up a program which will improve their cooperation with National Board and other company groups to meet catastrophes; they discussed and pondered suggestions where they could meet the competition of company adjustment organizations by improving their own individual services under the varied types of losses.

Earle Wright and Ben Horton, convention chairman and executive secretary respectively, said it was the largest convention ever held in point of registrations.

Open forum meetings, well attended, emphasized the need for improved investigation, the need for efforts to reduce loss costs and to strengthen the position of the individual independent adjuster. Company men, speaking at these sessions, gave counsel as to how the independent can improve his position.

Martin P. Luthy, Jr., who is associated with the agency department of Lumbermens Mutual Casualty, has been elected president of the Evanston, Ill., Young Republican Club.

\$50,000 Church Loss at Cleveland Is Uninsured

A \$50,000 loss was suffered by the Olivet Baptist Church at 52nd and Bridge at Cleveland in the June 8 tornado. The picture below indicating the nature of the damage, was taken

understood that an appeal is being made to the national Baptist headquarters for assistance in rebuilding this church.

This is one of innumerable examples



by R. W. Moon of Cleveland, state agent of the Meserole companies. This building was appraised in April for an insurable value of \$123,000, but it was covered for fire only. There was no wind or E. C. coverage at all. It is

of under-insurance that have been exposed in the devastating tornadoes this year. Presently companies are receiving thousands of endorsements each day adding E. C. to outstanding policies for the unexpired term.

Maloney Gives Decision for Lloyds on Reinsurance

Commissioner Maloney of California has issued a ruling the effect of which is to permit ceding insurers to take premium reserve credit for reinsurance with London Lloyds as in the past, until further notice. This is in line with the N.A.I.C. recommendation at the San Francisco convention. In issuing the order, Mr. Maloney attached the memorandum that had been prepared by W. Bruce, the chief examiner, on London Lloyds reinsurance. This was available at the San Francisco convention and was noted in THE NATIONAL UNDERWRITER reports.

Credit Cover Group Adds Two

Federal Life & Casualty of Battle Creek and North Central Life of St.

Paul have joined Consumer Credit Insurance Assn., bringing the total membership to 20.

U.S.F. & G. Moves Into New Home at Jacksonville

U.S.F. & G. has moved into its new home at Jacksonville, Fla. This is the old Federal Reserve Bank building at Hogan and Church. The building has been remodeled with installation of new elevators, new flooring, fluorescent lighting, etc., and air conditioning. U. S. F. & G. is occupying the second, third and basement floors while the street floor is occupied by Bond-Blume & Co., and Love & Cowan. The whole thing represents an investment of about \$300,000 according to Martin C. Shatzer, the manager. There are 80 employees.

Expect Robinson's Reply on Ohio Auto Charges Within Two Weeks

Superintendent Robinson of Ohio has announced that his department may have its report on automobile insurance ready within two weeks. The department was requested by Gov. Lausche to make an investigation of complaints made to him by motorists that they are unable to obtain insurance. According to figures that are being used in this controversy, before the new Ohio financial responsibility law went into effect only 45% of the motorists in the state carried insurance. Therefore, it is said, the companies have been flooded with applications, and it is charged that many insurers are turning down the applicants because of poor driving experience, forcing them into the assigned risk plan. Ohio Assn. of Insurance Agents and the assigned risk organization are making an investigation and will submit their figures to the department.

Fidelity Deductible Plan Is Explained

NEW YORK—Surety Assn. of America's deductible program for fidelity risks, described briefly in last week's issue, is designed to substitute for the cumbersome procedure of getting case-by-case approval of deductible plans by submitting them to the insurance departments involved. There is no thought that the general run of insured will see it as a way of getting a lower rate, since the amount of credit is not commensurate with the coverage given up under the deductible and is not meant to be. The plan is designed solely as a standardized procedure for covering risks that would otherwise be unacceptable because of too great claim frequency.

For years underwriters have used the deductible plan to sweeten sour risks but public law 15, with its stricter regulation of insurance activity, caused this practice to be regarded as discriminatory by an increasing number of departments unless justification for it was satisfactorily spelled out. This case-by-case procedure was unwieldy, however, and the standardized deductible plan, with what amounts to a token credit, was evolved.

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Laddie Pelnar New Ill. Department Aid

The appointment of Laddie T. Pelnar, Chicago lawyer with offices at 1 North La Salle Street, as assistant insurance director was confirmed by the Illinois state senate Monday. This is a code office and he was nominated by Governor Stratton. He succeeds to the office that was left vacant by the resignation of Thor Wanless, the Springfield attorney.

Mr. Pelnar was assistant Illinois state director of revenue when Dwight Green was governor. He had been general counsel of Chicago Traders Assn. and had his offices there besides which he was engaged in the general practice of law. Chicago Traders Assn. is headed by Howard S. Cartwright and provides bookkeeping, tax reporting, and financing services for its 1,100 small business firm members.

Wiggins Named New Head of Louisiana Blue Goose

Parker A. Wiggins, general manager Louisiana Rating & Fire Prevention Bureau, was elected most loyal gander of Louisiana Blue Goose at the annual



From left: Sam G. Peters, Parker A. Wiggins and P. A. Bienvenu.

meeting at New Orleans. He succeeds P. S. Bienvenu, New Orleans insurance attorney.

Sam G. Peters, London & Lancashire, was named supervisor; Price Bowen, General Adjustment Bureau, custodian; Edward O. Kennedy, American, guardian; Peter J. O'Reilly, Jr., Kirk Mayor agency, keeper; and Charles W. Blackstock, Northern Assurance, welder.

Jules E. Simoneaux, Sr., New Orleans general agent, who is grand keeper, gave the charge to the new members. Alvin Shepherd, also of New Orleans, outlined preliminary plans for the grand nest meeting at New Orleans in 1957.

Pa. Agents Make Last Minute Drive for Ohio-Type Law

Pennsylvania Assn. of Insurance Agents got out a printed four page circular to advance the cause of the so-called controlled business bill that is patterned after the Ohio law requiring the commissioner to refuse to issue or renew a license of an agent that is used principally to handle controlled business. The P.A.I.A. legislative committee sent out an urgent appeal to the agents to get busy on this bill. The committee reported ruefully that this bill was not one of those that was reported out of the house insurance committee.

The pamphlet lists the most prominent objections to the bill that are advanced and then gives the answers. The objections that are disposed of included the argument that this would deprive the automobile dealer "of his right" to be licensed as an insurance agent; the bill is designed to prevent such dealers from selling fire, theft and collision insurance; it is designed to prevent free competition and is a blow to free enterprise, it affects real estate brokers adversely, it is special interest legislation, there is no monopoly involved; no other profession in the state has ever secured a comparable

law; the bill is not in the public interest, it is a threat to the net profit position of the automobile dealer.

McDonald Iowa Pond Head

T. R. McDonald, Hartford Fire, was elevated to most loyal gander at the annual meeting of Blue Goose. O. S. Cathcart, retiring most loyal gander, will retire from Home July 1.

R. H. Stuhman, London, was named supervisor; O. E. Hartman, Springfield F&M, custodian W. Darby Miller, Agricultural, guardian; E. R. Meyers, Underwriters Adjusting, keeper, and

W. E. Henson, Loyalty group, welder. Mr. McDonald and Henry Haynes of Underwriters Review were named as delegates to the grand nest meeting. A group of 26 candidates was initiated.

X. R. Campbell Takes Okla. Post for Millers National

Millers National and Illinois Fire have appointed X. R. Campbell, Jr., as state agent for Oklahoma. He started with Oklahoma Inspection Bureau and his insurance experience since that time has been as special agent and

local agent. He is moving from Seminole to Oklahoma City and will have offices in the Mercantile building, formerly used by L. Z. M. Brown, Jr., recently resigned.

Mr. Campbell is a graduate of University of Oklahoma and has had two years post graduate work there.

The Oshkosh, Wis., field office of American has been moved to 312 First National Bank building where larger headquarters are maintained for Gerry A. Strasen, state agent, and Reuben Rasmussen, special agent.



IN 1761, the British Parliament passed the Writ of Assistance whereby it assumed the right to search the colonists' homes for contraband goods. Thereupon, James Otis, the Crown's representative in Boston, resigned his official position. His speech, often called the cornerstone of American liberty, defined the Writs as "the worst instrument of arbitrary power." He denied

Parliament the right to pass such a law and the king or a law court the right to enforce it.

Our sincere endeavor to adhere to the principles of democracy, which are exemplified in the American Agency System, has gained the respect and confidence of the agents of America. These are cherished assets.



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Mich. Agents Tackle Auto Insurance Knot

A year-long study of automobile insurance in Michigan by Michigan Assn. of Insurance Agents has culminated in suggestions for action both by agents and companies.

Copies of the report will be released during the coming week, it was announced by W. O. Hildebrand, association secretary-manager, who commented that "we have unearthed no secret formula to solve all our automobile woes but we do believe our

study is the most complete yet attempted."

While the report primarily analyzes the problem of inroads by direct specialty carriers, it is stated that bureau companies may well be more affected in Michigan by independent agency companies.

One of the major recommendations for company action toward narrowing the competitive rate gap is that the two national bureaus be consolidated. The subject of agents' commissions is considered in the report, which suggests that unfavorable auto experience may be over-emphasized. One agency company indicated a "much more severe proportionate loss in casualty lines other than automobile", it states.

A comparison is made of local agency operations with those of direct writers. Manuals of specialty writers are quoted in explaining restrictions and limitations not customary to the agency system.

"It has been our conviction," said Mr. Hildebrand, "that too much idle talk has confused the serious competitive automobile situation."



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JOHN J. NANGLE, Pres.

Ralph Mann, 57-Year Coast Insurance Veteran, Is Now Retiring

Ralph H. Mann, special agent of Loyalty group in the northern California territory, has retired at his own request after 57 years in the insurance business.

Mr. Mann started as an office boy with Atlas, under the general agency of H. M. Newhall & Co. at San Francisco in 1896. Six years later he went with New York Underwriters, and was with that company for 16 years, during which he was prominent in settling losses of New York Underwriters during the San Francisco earthquake and fire. In 1918, Mr. Mann became chief clerk and counterman for the general agency of Miller, Henley & Scott, and in 1921 was named special agent in Oregon. Later he went with Superior, Pittsburgh Underwriters, and Republic Ins. Co. as state agent for Oregon and Washington. When those companies were purchased in 1923 by Firemen's of Newark, Mr. Mann transferred to Seattle as district manager of all Loyalty group companies. After 16 years in the northwest, he returned to California as supervisor of the Sacramento Valley and north coast fields.

A testimonial dinner was given him by the employees of the Pacific department of Loyalty group this week.

National Travelers Answers California "Ad" Citation

National Travelers of Des Moines, accused by Commissioner Maloney of violations of the California code in respect to advertising matter used by it, has filed with the Los Angeles office of the California department its notice of defense to the charges and asked for a hearing.

In the notice of the defense the company holds that the department is not vested with jurisdiction or authority in connection with advertising matter used by admitted insurers; objects to the jurisdiction of the department of professional and vocational standards under the administrative code procedure and says the accusation does not set forth acts of malfeasance, misfeasance or nonfeasance.

It also contends there has been no misrepresentation or fraud practiced by the company in its advertising and that, directly or indirectly, it had received the sanction and approval of the commissioner.

Herbert Keeler, Port Huron manager for Western Adjustment, explained adjustment procedures in the wake of the recent tornadoes in the Michigan area in a talk to Port Huron Assn. of Insurance Women.

VA Finds Non-Service Exclusion Clause Is Legal and Binding

Veterans administration apparently is convinced that hospitalization insurers cannot be forced to drop the exclusion clauses relieving them of liability for payment to VA hospitals for non-service connected disabilities. In its Washington letter, American Medical Assn. quotes a note written by the chief medical director of VA in which he says: "It is safe to say that most of the policies currently being written contain some of these or similar exclusion clauses. There is nothing illegal about this. The parties have a right to contract as they please. No state insurance commission, or other regulatory body, or governor, would have any legal authority to require such insurance companies to insure a risk they do not want to insure."

N.A.I.A. Hasn't Budged

THE NATIONAL UNDERWRITER was mistaken in reporting that a representative of National Assn. of Insurance Agents, during the hearing at San Francisco on a proposed insurance commissioners model bill on agent and broker qualification laws, said that N.A.I.A. had no objection to the draft that was circulated at San Francisco. As a matter of fact, N.A.I.A. has not budged from its position that the question of agent qualification laws is one to be handled at the state level.

Worley to Scottish Union

Scottish Union & National has appointed Joseph A. Worley state agent for Kansas and eastern Missouri, with headquarters at Kansas City.

He is an army air force veteran and has had previous company experience.



George Barrett (left), Chicago lawyer and former Illinois attorney general, is shown with his brother, R. E. Barrett, Illinois insurance director, at insurance commissioners' meeting at San Francisco.



Hugh Harbison of Travelers and John A. Henry of Continental Casualty-Assurance are shown in huddle at commissioners' meeting at San Francisco. Photo by Harry H. Fuller.

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Larso Take Illinois

By C. NIPPEL

Wisconsin, Illinois fire insurance companies are vying for the Fire Underwriters Association of Illinois and Illinois Insurance Association. More than three hundred members of the three associations met at the Illinois Insurance Association's annual session in Chicago.

David J. Forster, president of the Illinois Insurance Association, said he was in charge of the group, which was automatic of the public. Mrs. R. E. Barrett, secretary-treasurer of the group, were Richard R. Forster, alty, and Underwriters' terms were Forster, Association.

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Larson, Petterson Take Over Reins of Illinois Field Groups

By CHARLES C. CLARKE

NIPPERSINK MANOR, WIS.—This Wisconsin resort last week became the Illinois field capital, serving as a converging point for members of Illinois Fire Underwriters Assn., Illinois Blue Goose, Illinois Fire Prevention Assn., and Illinois Public Relations Committee. More than 100 persons attended the three-day meeting, which both belied and meshed with the resort atmosphere. The fully-attended business sessions were spiced with an excellent recreational program.

David E. Larson, Home, was elected president at the I.F.U.A. annual meeting. He succeeds Arthur Goodall, National Union. Edgar Taylor, Loyalty group, was named vice-president and automatically takes over as chairman of the public relations group.

Mrs. Ruth Hertz was reelected secretary-treasurer. Named to the executive committee for two-year terms were Richard P. White, Hanover; William R. Purtell, New Amsterdam Casualty, and Oscar Schowalter, New York Underwriters. Elected for one year terms were Robert A. Fromel, Crum & Forster, and Herbert J. Kotecki, Fire Association.

Opening the affair was the Blue Goose annual meeting at which Lester C. Petterson, Sun, was named most loyal gander. He succeeds Lloyd J. Eppler, Loyalty group, who presided. Other officers are David C. Girardot, Western Adjustment, supervisor; Vincent Mooney, London Assurance, custodian; William H. Miller, Security-Connecticut, guardian; W. Hale Baldwin, New York Underwriters, keeper, and Charles C. Clarke, THE NATIONAL UNDERWRITER, wielder. Messrs. Eppler and Petterson were named delegates to the grand nest convention at Winnipeg, with John J. Rusco, Aetna, as alternate.

Installation ceremonies were conducted by E. M. Eichenberger, Royal-Liverpool, a PMLG, and memorial services were read by Mr. Girardot. The past most loyal gander's pin was presented to Mr. Eppler by Kent Macy, New York Underwriters.

Mr. Goodall, at the F.U.A. business session, reviewed what he termed an active year, especially on the committee front. In this connection, he said the association's new agency liaison committee to Illinois Assn. of Insurance Agents has made a substantial beginning, and promises to become an important adjunct of its over-all public relations endeavors.

Mentioning that the business currently is undergoing one of its greatest periods of change, Mr. Goodall said it is becoming increasingly important that there be close ties between management and the field man. He suggested a committee be established which would confer with management and help to effectuate changes smoothly. He also recommended a committee to integrate the operation of and solve problems of the fire and casualty facets of the business.

The committee headed by Grant C. Bissell, Aetna, which was named to review Mr. Goodall's report, favored establishment of committees to confer with management on changes, and

to integrate fire and casualty operations.

Lewis E. Grigsby, assistant manager of Hartford Fire, chairman of the public relations committee of Western Underwriters Assn., spoke briefly, pointing to the important role trade associations such as I.F.U.A. play. He explained that W.U.A. has a committee which works closely with agents and is able to sound them out prior to any business changes. He praised I.F.U.A.'s intention for closer coordination with agents and management,

but warned against the possibility that some individuals would look to the concerted association activity as an excuse for shirking duty. He stressed that accomplishment depends on individual responsibility.

I.F.U.A.'s public relations resurgence continued, according to Mr. Larson's report. He said there was a 160% increase in number of men taking part in the formal public relations program in the last six months over the comparable previous period. I.F.U.A. has instituted a handsome public relations

plaque to be awarded every six months to the field man most active in the public relations program. This was awarded for the first time to Frank L. MacLeod, American, by Mr. Larson. The association also recognized, in the form of a letter of praise, an ironman public relations stint performed by Robert K. Johnson, Aetna. Representing the association, Mr. Johnson addressed every shift of U. S. Steel Corp. over a 48-hour period, giving talks every half-hour, showing movies

(CONTINUED ON PAGE 20)

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Am. Auto New Stock Sale Consummated in Impressive Style

The recent offering of 125,000 shares of capital stock by American Automobile has been very favorably received, it was announced by Harvey R. Bowditch, financial vice-president.

A total of 124,447 shares, or over 99.5% of the issue was subscribed for on rights issued to stockholders to purchase the stock at \$40 per share.

The offering was underwritten by a group of investment bankers headed by Kidder, Peabody & Co.

The success of the American Auto program was all the more impressive because the period during which it was consummated was one of weakness of the securities markets generally. The underwriters were left with only 553 shares and this was moved out easily, since the market on Monday of this week was 46-46 3/4.

Plans for Washington Assn. Annual Meeting Announced

Plans are shaping up rapidly for the annual meeting of Washington Assn. of Insurance Agents at Seattle Sept. 2-4. The executive committee and local association presidents will meet the evening of Sept. 2. The following morning at the opening general session Walter M. Sheldon of Chicago, president of N.A.I.A., will be the keynoter, followed by John Henry Martin of Standard Forms Bureau, San Francisco, and a panel on direct writing competition. The afternoon will be given over to a closed business session for agents only, followed by the banquet.

The morning session Sept. 4 will be opened by a sales inspirational speaker and the remainder of the morning will be given over to a panel and open forum on workmen's compensation. This forum will be led by John L. Warne, chairman of the workmen's compensation committee, and John K. Yearout of Aberdeen, a member of the legislature who is serving on the interim committee investigating the present system in Washington. The afternoon will be devoted to recreation, including the golf tournament, followed by a cocktail supper.

Erases Surplus Line Order

SEATTLE—Commissioner Sullivan has rescinded an order of April 25, 1951, requiring surplus line brokers to file evidence that they have ascertained the financial condition of unauthorized insurers before placing insurance therewith. Surplus Line Assn. was notified that the purpose of his 1951 order "was interpretive of section 15.09 of the code and was in no way intended as approving the financial qualification of any surplus line insurer". His original order has been accepted as at least an implied approval of the insurer, rather than evidence that the broker had ascertained "the financial condition of the unauthorized insurer".

"I am therefore withdrawing the interpretation and requirements" . . . Mr. Sullivan asserted.

New Des Moines Project

Farmers Mutual Hail of Des Moines is going to put up a new office building providing 40,000 feet of space at 2323 Grand avenue, the architects being Weatherell & Harrison. This will be ready in 18 months.

Reason for Strange Bedfellows

Election of a mutual life insurance man as president of the New England 1752 Club, an organization of mutual

fire and casualty field men, was due to the fact that the new president, Herbert S. Woods of the Boston group insurance office of Massachusetts Mutual Life, was until a few months ago with Lumbermen's Mutual Casualty in Boston. He was on his way up the ladder in the club and continued on to the top spot in spite of now being in the life insurance field.

125 Give Blood at Chicago in Fireman's Fund Drive

Some 125 persons participated in a blood donor drive sponsored by the western department of Fireman's Fund.

Set up as a contest between the department's various divisions, the company will award members of the winning division an extra day's vacation.

Havens Elected at Elmira

James E. Havens was elected president of Chemung County Assn. of Insurance Agents at the annual meeting at Elmira, N. Y. Vice-president is Charles Goodyear, Horseheads; secretary, Milton Burt, and treasurer, James E. Swartwood.



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Perhaps no line of insurance, other than fire, is renewed as steadily and with less effort than glass that is insured in the "Shelby Mutual". Need for coverage is demonstrated frequently by the losses that occur. The average each year is about one loss for every four policies on the books.

When losses do occur there is seldom any occasion for argument. The broken glass is replaced, we pay the bill and everyone is happy. That makes a satisfied insured who accepts your renewal of his policy as a matter of course. "Shelby" agents know from experience that it pays to solicit glass insurance business for it stays on their books. Policies are renewed by certificate — no policy writing expense to the agent.



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A. S. BOYD, JR., FIRE AND CASUALTY DEPARTMENT.

KENNETH CAMDEN, C.P.A. TAX AND COMMERCIAL DEPARTMENT.

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Chicago Insurance Educational Work Is Consolidated

Announcement has been made of the formation of Insurance Society of Chicago, whose primary purpose will be to promote property and casualty insurance education in that area.

Organizations composing it are Casualty & Surety Managers Assn. of Illinois, Chicago Board, Cook County Inspection Bureau, Insurance Brokers Assn. of Illinois and Western Underwriters Assn. Elected honorary members were John J. Ahern, Illinois Institute of Technology; Robert M. Bab-bitt, Jr., Joyce & Co., and Roy L. Davis, Assn. of Casualty & Surety Companies.

The society will sponsor the courses offered by the reorganized Insurance Institute of America. These will be given in the evening by Illinois Institute of Technology at a downtown location beginning with the fall term. The plan is similar to the arrangement which Illinois Tech has had for some years with the Chicago chapter of C.P.C.U. for preparing candidates for the C.P.C.U. examinations.

The Insurance Institute's program which leads to a certificate, provides for three examinations, one in general principles, one in fire and marine and one in casualty and surety. Classes will be offered in each of these categories. It is contemplated that persons successfully completing them will have attained an insurance educational level to permit them to undertake C.P.C.U. study. This is in line with the national plan which led to the coordination and integration of Insurance Institute of America with American Institute for Property & Liability Underwriters.

The classes will take the place of those previously made available by Chicago Insurance Institute as well as Illinois Tech's well-known Insurance 11.

For two years an informal committee of Chicago company and agency executives has been working toward a coordinated insurance educational program for the area. The society is an outgrowth of these efforts.

Officers of the society are: Chairman, R. P. Skaer, Cook County Inspection Bureau, secretary, Mr. Davis, and treasurer, Walter G. Dithmer, Western Underwriters Assn.

New Farm Bureau Company Operating at Minneapolis

Minnesota Farm Bureau Mutual Ins. Co., Minneapolis, opened for business June 24. With a \$350,000 surplus and some 5,000 applications, the new casualty company brings the number of farm bureau companies writing fire and casualty to 28. Also there are eight life companies. The companies are located in 32 states from coast to coast.

Cites PAF Sales Field

Frank X. O'Leary, inland marine state agent for Employers group, gave a talk on the new personal articles floater at a luncheon meeting of Insurance Board of Brockton, Mass. He said PAF has opened a whole new field of insurance prospects.

Reject Christian Science Setup

Several hundred Minnesota employers have filed notice with the state industrial commission that they will not be bound by a Minnesota statute which provides that employees may receive Christian Science treatments un-

der the workmen's compensation act. The 1953 legislature enacted a new law which provides that employees must notify their employers in writing if they wish to have Christian Science treatments instead of other forms of medical attention in case of injury on the job.

The law also provides that employers may elect not to be bound by the provision by filing a written notice with the industrial commission.

The annual meeting of the Surplus Line Assn. of Washington will be held at noon June 30 at the Arctic Club.

Strive to End Ohio Subsidy of W. C. Administrative Cost

COLUMBUS—The general appropriations bill in Ohio was amended by the senate appropriations committee to eliminate an item of \$5 million for the operation of the state industrial commission. If this amendment stands up, it will mean that expenses of administering the workmen's compensation act must be paid out of premiums col-

lected by the state monopolistic insurance fund.

This subsidy, which has kept Ohio monopolistic compensation rates relatively low, has long irked insurance men. If the change goes through the legislature, it will mean that insurance men will be able at the next session to present an accurate comparison of costs of private insurance and the state fund. Senator Gray of Piqua fostered the amendment.

The D. N. Clemens agency of Klamath Falls, Oregon, has been purchased by the M. L. Johnson agency there.

DEFINITION

Advertising has been defined this way:

"Advertising is the force by which a firm, individual or corporation distinguishes itself from its competitors".

There are as many definitions of advertising as there are of anything else upon which opinions vary, but this one is worth some consideration.

A company official may very well ask himself whether his company is doing what it should and what in fact must be done to distinguish it from its competitors. A company that is just regarded as "a company" is not much of an insurance institution after all.

If it has done nothing in the way of advertising or publicity to mark it off from all of the rest of its competitors, to give it a corporate personality that is known and recognized, then it has neglected one of the most important aids to its growth.

The progress and development of the unadvertised (and hence unknown) company has always been slow and difficult. The first place for any company to achieve recognition and prestige among those in the insurance business is in the advertising columns of The National Underwriter.

The NATIONAL UNDERWRITER

Largest Circulation of Any Weekly Insurance Newspaper

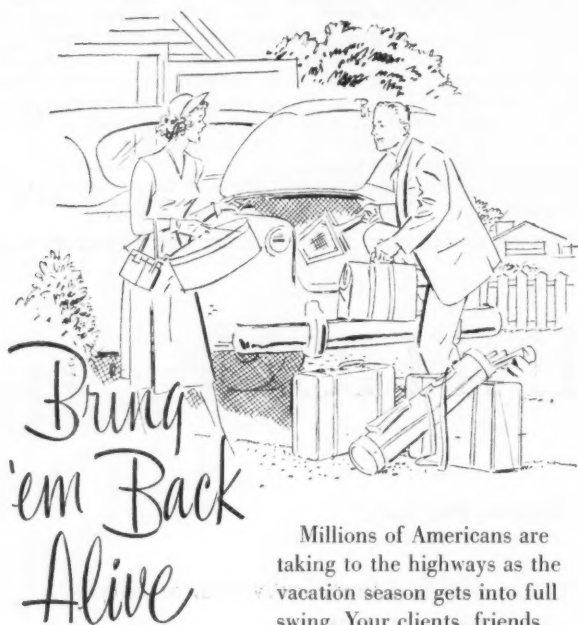


Number three of a series

N. D. Hail "Apps" Up

North Dakota state hail insurance applications are running ahead of last

year by more than 3,000 and are well above 10,000, Commissioner Jensen reports. Ten counties have reported losses thus far.



Millions of Americans are taking to the highways as the vacation season gets into full swing. Your clients, friends, and neighbors are among them.

You can help "bring 'em back alive." As a member of your local safety organization, you can urge a step-up in highway safety publicity. And, with Zurich-American Safety Zone films on traffic subjects, you can bring vivid, effective safety reminders before the organized groups in your area.

You will find this community service not only a source of real satisfaction, but also a means of building good will for yourself and your agency.



Zurich General Accident and Liability Insurance Company, Ltd.
American Guarantee and Liability Insurance Company

HEAD OFFICE: 135 S. LA SALLE ST., CHICAGO 3, ILLINOIS



IT LETS THE PEOPLE SHARE

The Insurance Company of Texas threw open the door of opportunity to the American people. By offering the working men and women the opportunity to own their own insurance company — to do business with themselves — the ICT has had phenomenal growth.

Because these people have been quick to seize this opportunity, they are sharing in the profits of their company — and so are more than 3300 ICT agents in 21 states! The high-level production of these ICT agents is proof that a sound idea — an idea based on a grass-roots philosophy — still opens the door to success in America.

THE INSURANCE COMPANY OF TEXAS

Jack Cage and Company, Managers

Owned by Union Members • Building a Better America



Revised Marine Definition Suggests New Sales Vistas

Inland marine production men are staking out new fields to conquer when the new uniform definition of marine writing powers is promulgated in the individual states. It was approved in principle by N.A.I.C.

No doubt there have been independent companies that have written all of the various inland marine propositions that are newly authorized under this definition but for most of the companies that go by the book, so to say, there are some new opportunities. For instance there are various so-called block policies that follow the pattern of the jewelers block contract, whereunder merchandise on the dealer's shelf is covered along with property of customers that is on the premises for repair or other purposes, items out on approval, etc. Thus there are newly instrument dealers and camera dealers. Also there is the agricultural and road machinery equipment dealers block policy.

This extension of the block policy idea is going to create pressure to give such treatment to still other types of retailers and that suggests the possibility of marine insurance generally covering the goods on the shelves of retailers.

At the N.A.I.C. hearing, W. H. Rodda, secretary of Transportation Insurance Rating Bureau, suggested there is an element of discrimination in permitting this coverage for camera, musical instrument and fur dealers and not for other retail establishments.

Incidentally, Mr. Rodda made a number of other recommendations, one of which was that furniture, fixtures, tools and machinery be included as equipment that may be covered under equipment dealer policies. An important reason for permitting such a policy is to eliminate the need for many contracts. If furniture, fixtures, tools and machinery are excluded, that means the insured will have to purchase an additional policy in a relatively small amount. Including these articles does no more violence to the principal of marine insurance, he said, than including the stock of goods which is permitted under the definition. Rather than not permitting F.F.T. & M. to be included, Mr. Rodda recommended that the entire equipment dealers section be deleted from the definition, leaving E. D. policies in the field of multiple line rather than inland marine.

Can't Require D.O.C. Cover on Financed Cars in Wash.

Certain finance companies have been cautioned by the Washington department against the practice of attaching unnecessary drive-other-car endorsements to their automobile policies.

Recently the wife of a soldier now stationed in Korea, wishing to cancel their automobile policy, became curious as to what the "D.O.C." charge, amounting to about \$30, had been for. The finance company, when called on the carpet by the department, admitted that it had been automatically endorsing policies with D.O.C. in order to build up the premium, whether or not there was any D.O.C. exposure.

According to the insurance department, servicemen and civilians under 25, buying second hand cars, are often taken advantage of in this way. The department has warned that the insured must be informed what any such

endorsement means and must request it, or the department will turn down the policy.

N. H. Auto Insurance Probe Committee Named

An interim committee to make a study of automobile insurance has been chosen by Gov. Gregg of New Hampshire in accordance with a resolution passed by the legislature.

The committee includes Raymond Montgomery of Manchester and Harry Woodward of Newport, representing insurance profession; Sen. Fred Kelly of Littleton and Howard Page, Sr., of Keene, representing the public, and Ralph V. Gould, safety director motor vehicle department. They will select their own chairman.

Others asked to consult with the committee are Rep. T. S. Barton of Keene, sponsor of the resolution, and Rep. Seth Lamson of New London, chairman of the house insurance committee.

San Diego A. & H. Men Elect

At the annual meeting of San Diego (Cal.) A. & H. Underwriters Assn., John D'Alfonso, California-Western States Life, was elected president; William C. Peck, General American Life, vice-president; Charles C. Cordell, Lincoln National, secretary and Verne O. Whiting, Occidental Life of California, national and state committeeman.

Edward R. Hodgkins, vice-president and manager of agencies of Paul Revere Life and Massachusetts Protective, spoke on "Sell Yourself First".

Moves from Austin to Dallas

National Foundation Ins. Co. of Austin has moved to 2307 Cedar Springs road, Dallas. This company was formed in 1947 under the title of Employees National. It writes life and A. & H. The president is Pierce P. Brooks.

George E. Burks of the Hummel, Meyer & Burks agency was presented an award of merit by Louisville Fire Prevention Council for work on behalf of fire prevention. He is a past president of Louisville Board.

Loss requires proof of current actual cash values ... are your clients prepared?

● Reliance on book values for insurance is misleading and dangerous. Actual cash values established by Continuous American Appraisal Service furnish the proper basis for coverage, re-rating, and proof of loss.

The insured will appreciate such counsel from you.

The **AMERICAN APPRAISAL** Company



Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

R. T. V. Dra of D

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Richard T. V.

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R. T. WOOD OF AMERICAN SURETY

Draws Picture of Defaulter, Pattern of Default, from Study of Cases

Out of a study of 75 fidelity losses discovered over a period of 25 years that occurred in savings and loan associations, Richard T. Wood, manager of American Surety's fidelity department, has traced an interesting and instructive pattern. Speaking at the annual meeting of Society of Savings & Loan Comptrollers in Washington, D. C., Mr. Wood said:

The pattern of default which emerges from this study is a secretary or chief operating officer as the most likely offender, that mostly the defaulter has operated alone, receipts have been the principle items stolen and that usually the defaulter concentrates on one means of stealing, various methods are employed to conceal the stealing, many of which become plainly obvious after the loss is discovered, that the average period of default is 4½ years, that discovery is most likely to be by examiners, that the defaulter is a mature person 40 years old or more and that the chief reason for stealing is to meet living expenses.

In at least six cases the association was forced to liquidate, he commented. The average default was \$44,000, and in one out of every four cases there was a loss of \$96,000 in excess of the bond amount. In arriving at these figures, Mr. Wood purposely omitted the largest loss in order not to distort them. The losses occurred largely in associations where no auditors were employed, but the lessons to be learned are no less valuable on that account, he said.

The difficulty of securing complete information may be surprising inasmuch as the surety company has salaried claim men, etc., to find the answers. Mr. Wood said his experience indicates that complete information is secured in about one case in 20. But then, he added, the art of living is basically the art of making decisions on incomplete evidence.

Of the 75 losses, 37 were caused by the secretary, with collectors, bookkeepers, tellers-clerks, presidents, treasurers-cashiers, vice-presidents, attorneys, agents-salesmen, loan managers and trustees following in order. Only three were collusive losses and in no case were more than two in collusion. The combinations were president and secretary-treasurer, clerk and outsider, trustee and clerk. The concurrent holding of other positions of trust contributed to the success of the default in six cases where the defaulter was also president, cashier, assistant cashier or manager of a bank.

In two cases, cash was taken from the safe or vault. In six cases cash as such was taken from the cash drawer. The most popular place of stealing was receipts, usually in the form of withholding rent collections, share and loan payments, fees, taxes due, interest, fines or proceeds of real estate sales. Customers' accounts were involved as a separate means in only three cases. The association's own

bank accounts were only involved separately in two cases. The association's securities gave rise to only a single separate case. Loans made by the association appeared in only three separate defaults. In 13 cases there was a combination of more than one means

of stealing—receipts, customers' accounts; receipts, bank accounts; receipts, loans (five); receipts, loans, bank accounts; receipts, loans, securities; customers' accounts, loans; bank accounts, securities (two); and bank accounts, loans.

The period of default is one particular which is hard to get in many cases. Even confessions have been found very inaccurate. The longest period was 37 years. There were eight of 10 years or more and another seven of five years or more. The average worked out to 4½ years. There was one which literally lasted only a matter of minutes.

The principal cause of discovery was examinations. In one case a 50 cent mistake in a bank deposit led to the discovery of a \$98,000 loss. In another



Richard T. Wood



Don't Let This Happen to Your Clients!

Many a businessman has to have a fire to find out that complete insurance on the property isn't enough. Only then does he learn that he can't help losing thousands of dollars while he's wholly or partly shut down for repairs, rebuilding and replacement.

The big manufacturers, the big retailers all know about Business Interruption Insurance, and most carry it. But there are probably millions of businesses in this country, small and medium size, that have never even been told how they can insure their earnings.

It's simple enough to the businessman. To him it's clear that \$1,000 in earnings is as valuable as \$1,000 in equipment, furniture and fixtures, stock or merchandise. All he asks is that his insurance man fix him up so he'll get back as much as possible of what a disaster may cost him.

But all too often producers think that Business Interruption is complex and hard to sell. That's history. Today 95% of all commercial risks can be handled with one or the other of two simple forms. You usually need only

two or three figures from the prospect, none of them confidential or particularly revealing.

A NEW PLAN FOR SALES

Security-Connecticut agents are equipped with a step-by-step program for building a prospect list, "warming up" prospects before calling, and many simple and valuable ideas on what to say in selling. This plan is outlined in a new issue of our Agency Sales Bulletin. It includes two pre-call letters for prospects, and an attractive folder to send with them.

Perhaps you would like to see this modern program for selling Business Interruption Insurance — lately lamented as Use & Occupancy. If you would, simply complete the coupon. A copy of the Bulletin, with the two letters and the selling ideas, and the folder will be mailed to you — no cost or obligation.

SECURITY  **THE CONNECTICUT**
INSURANCE COMPANY OF NEW HAVEN INDEMNITY COMPANY
HOME OFFICES: NEW HAVEN, CONNECTICUT
Pacific Departments • 248 Battery Street • San Francisco 6, California



SECURITY-CONNECTICUT COMPANIES

Department 35 D
New Haven, Connecticut

Please mail me samples of your Agency Sales Bulletin and folder on Business Interruption. No cost or obligation.

Name.....
(please print)

Agency.....

Street.....

Town or City..... State.....

an examiner questioned the ability of the secretary but took no action as audit was satisfactory and staff was capable. When, at a later date, he had resigned and the secretary was handling all matters personally, he decided to make

THE CLIENT with THE HIGH "I.Q."



He had the highest I.Q. (Insurance Questions) rating of them all. He wanted service. More than that he wanted answers. He could fire questions staccato—and he was rarely pianissimo—"... prepare recommendations?... eliminate hazards?... suggest... reduce... review?..."

But this agent was a pretty smart fellow himself. He knew that for many of the answers his own knowledge and experience would have to be supplemented by the specialized cooperation offered by Pearl American.

Agents and brokers throughout the country are calling on Pearl American for the answers that can't be furnished without a lot of "digging". They depend on Pearl American's fast, accurate replies. Join the other brainy agents who have discovered that Pearl American's highly trained underwriters and fieldmen know the answers. Profit by servicing your clients through Pearl American.

PEARL AMERICAN

PEARL ASSURANCE COMPANY, LTD.
EUREKA SECURITY FIRE & MARINE INSURANCE CO.
MONARCH FIRE INSURANCE COMPANY

HOME OFFICE: 19 RECTOR ST., NEW YORK 6, N. Y.

CLEVELAND, 320 Bulkeley Bldg.
PHILADELPHIA, 436 Walnut Street
SAN FRANCISCO, 369 Pine Street

NEW YORK, 85 John Street
CINCINNATI, 1423-24 Carew Tower
CHICAGO, 175 W. Jackson Blvd.

APPRAISALS

RECOGNIZED AUTHORITIES ON
VALUATIONS—INDUSTRIAL
COMMERCIAL — RESIDENTIAL

SINCE 1910

Branch Offices
in all
Principal Cities

THE LOYD-THOMAS CO.

4411 RAVENSWOOD AVE. CHICAGO 40, ILL.

an immediate audit. Disclosure of the shortage followed. Outside audits and fellow employees followed examinations as a cause of discovery, each being responsible for the same number of cases. Other causes included: failure to remit collections, customers inquiry, director's inquiry and decision to liquidate. In the case of one New England institution, the defaulter was picked up by New York City police before the loss, which had occurred the day before, had been discovered by the association.

The mature age of most defaulters was impressive. The oldest was 75. Many were in their forties and fifties. Eight were women. A large majority had families. One person had been with the association 19 years before starting to steal.

Only ostensible reasons for stealing were considered. The chief reason was living expenses—what is commonly termed living beyond one's means. While extravagance was evident in some cases, in others the taking was for ordinary day to day expenses. Next in order came outside business and gambling. One 42 year old spinster embezzled \$17,000 to bet on the horses. She stated that she never bet more than \$10 at a time. That would make at least 1,700 bets placed with her associations' money, if she lost on all of them. Other reasons were hospitalization, loan to father-in-law, real estate speculation, entertainment. Another spinster stole to prepare for a marriage. Her stealings were applied in part to purchase furniture with which to set up housekeeping. Tragedy overtook her, however, as she was first jilted and then her default was discovered.

In analyzing methods of concealment, Mr. Wood noted that many cases would have been brought to light promptly by proper supervision. There were a few cases where there was no attempt at concealment. The methods of concealment are given herewith.

Delay in furnishing bank statements to directors enabled one secretary to steal \$7,000 over a seven month period. Various kiting losses would come under this heading.

Burial as a single item. In one case the shortage was carried as an overdraft, in another a fictitious check was used as a cash item.

Commingling might be considered a combination of delay and burial. There was a variety of commingling—the defaulter who pooled personal funds with those of the association and his real estate agency all in one bank account; in another case the secretary-collector for several associations deposited all funds in one account, and in some cases where the association official was also a bank official there was commingling.

No or incorrect recordation was used particularly with deposits and collections. One defaulter applied it only to deposits by mail. In mortgage and rent payments the amount was sometimes understated. In one case real estate sales were not entered on the books. In another case, when a debtor paid up a loan in one large sum, the defaulter would leave the account open and each month thereafter make a small payment to make it appear as though the loan were still being paid off. One case occurred where the sale of securities was not recorded.

Charging to other accounts was used in one case where the secretary was too busy as town auditor to check association accounts. Here escrow accounts

were charged with moneys withheld from mortgage loan payments and savings deposits. In other cases the loss was charged to general expenses, withdrawal by mail and by increasing the amounts of loans to legitimate borrowers whose certificates would provide sufficient collateral.

False entries consisted of showing purchase of bonds in bond register when none was purchased, making withdrawals from individual savings accounts, making fictitious loans and otherwise manipulating accounts. Under this heading would come situations where all the records were controlled by one individual.

Removal or concealment of records consisted of holding out shareholders' payments and corresponding tickets, withholding account cards made for new accounts, removing savings ledger cards, substituting dummy ledger cards for authentic cards and, in three cases, destroying inactive account cards. In one case, involving inactive accounts, the balance was set up to the defaulter's account; in the others, the cards were replaced with closed account records.

Duplicate set of books requires the defaulter to be alert to substitute one for the other as occasion demands.

Shift of shortage cases occurred where the association official was also a bank official. At examinations assets of the bank would be used to make up shortages in association accounts and vice versa. In one case, the loyalty of the defaulter was equally divided between association and bank, as he took \$180,000 from each. In other cases the balance went either way. One president of several associations who was also a bank president protected his associations at the expense of his bank. An association secretary who was also an assistant trust officer stated that he embezzled in the association because it was so easy whereas the close supervision and control in the bank prevented him from creating any shortages there. One bank vice-president and counsel who embezzled close to a million dollars from about 100 sources, the chief one being a bank, for some unknown reason did not steal from an association of which he was president.

The shortest period of default occurred when the sweetheart of a girl clerk entered the association premises at night by means of a key which he had stolen and opened the safe by the combination given him by his girl and stole \$21,000. The FBI broke the case the next day. Part of the stolen money was found hidden in the girl's hope chest.

The longest period of default involved a secretary who was 70, married, with 10 children. He was employed five years before he began to steal. His stealings continued 37 years before discovery. He stole for living expenses. He created the default by withholding cash, particularly dividends due shareholders. He concealed the default by operating two sets of books. The auditing committee never checked to see if the reports given by the secretary were correct—the statements were always accepted without question. The loss was discovered when the association decided to liquidate and called in an auditing firm to handle the closing out. The loss totaled \$150,000. The fidelity bond on him was \$2,000.

There is sometimes a run of losses. One association produced three losses in the loan department in 12 years. A bookkeeper and clerk created a \$6,-

000 loss in A vice-pres up a loss o loss was s the discov year after of \$25,000 the new m period, so ment, unk as could b concurrent these thre differently fictitious l funds and of loans.

A loss o misappropri were as r faulte wa 64, and ha 25 years. years and his lunch exercised created by by membe were at th month. Th entered in deposit ti fine paid. difference the loss b no record and even umn for the loss was teller rep cents betw deposit ti ledger car action har loss was banking c sary to es in order tional \$79 the record

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000 loss in a little more than two years. A vice-president and loan manager ran up a loss of \$50,000 in 10 years. This loss was started within a year after the discovery of the previous loss. A year after the second loss a third loss of \$25,000 was discovered, caused by the new manager. It covered a 10-year period, so that two men in the department, unknown to each other as far as could be determined, were stealing concurrently for nine years. Each of these three defaults was accomplished differently. The first defaulter created fictitious loans, the second stole escrow funds and the third stole repayments of loans.

A loss of \$150 involved 400 to 500 misappropriations of which only nine were as much as a dollar. The defaulter was a bookkeeper and teller, 64, and had been with the association 25 years. The peculations covered six years and were used to supplement his lunch money over which his wife exercised strict control. The loss was created by stealing half the fines paid by members on late payments. Fines were at the rate of 1 cent per \$100 per month. The payments were correctly entered in the members' books but the deposit tickets showed only half the fine paid. The defaulter pocketed the difference. It was possible to conceal the loss because the association kept no record of the individual fines paid and even the books provided no column for entry of the fines collected. The loss was discovered when another teller reported a discrepancy of 75 cents between the amount shown on a deposit ticket and a credit on the ledger card in connection with a transaction handled by the defaulter. The loss was increased \$790 because the banking department found it necessary to establish records of the fines in order to prove the loss. An additional \$790 was paid for establishing the records.

One defaulter stole \$3 million in a single year. Figuring on a six-day week, this averaged a little over \$10,000 each business day. In 8½ years, the total was \$10,811,000. The defaulter was vice-president and secretary-manager of the association, 45, when loss was discovered, married with one son and had started stealing less than one year after being employed. The reason for the defalcation was putting funds in outside business ventures. He was interested in more than 30 corporations, syndicates or partnerships, investing in oil, real estate, stocks and buildings with little, if any, success. The default was created and concealed by the principal wrongfully drawing checks on the funds of the association, payable to himself, depositing the checks in his personal bank accounts in various local banks, from which he then withdrew the monies and converted and used them. He also drew checks on the funds of the association, payable to his appointees in payment of his personal obligations or for other personal purposes. Such transactions were carried on the books of the association as an overdraft in the principal's pass-book account. Loss was also caused through fictitious or fraudulent loans made by the principal, which were unsecured or inadequately secured. He kept two sets of books, the chief item of difference being the deposit total which showed \$8,500,000 when the actual deposits were over \$16 million. How this continued to escape examiners is a matter of conjecture. The loss was discovered when certain directors sought the reason for the increase in number of with-

drawals and questioned the principal as to the association's financial strength. The principal immediately confessed. A \$50,000 blanket bond was carried and the association failed to the discomfort of its 72,000 depositors and 196 employees. Prior to joining the association, the principal had been discharged from a local bank for dishonesty.

The Barnes & Barnard agency and the Geare-
Everstine agency at Cumberland, Md., have
been merged under the title of Barnes, Bar-
nard & Geare with offices at 50 Baltimore
street.

Tells How to Put Damper on Supermarket Fires

National Inspection Bureau has gotten out a bulletin that has attracted a good deal of attention on why supermarkets burn. This appears over the signature of Assistant Manager Richard M. Hubbell. There have been many losses on these risks and they are getting close underwriting attention. The preventives that are suggested include automatic central station fire alarms, preferably in connection with sprinkler equipment; incombustible

draft curtains in blind attics with department access hole in the roof so cellar nozzles can be poked into the attic from outside; refrigeration compressors restricted to cut-off fireproof areas with regular inspection and clean-up; rigid compliance with national electric code; rigid lighting fixtures with no extension or drop cords in stockrooms; central heat from fireproof quarters; employee smoking restricted to safe areas where sand or water buckets for stubs are available; separate yard sheds or separate, cut-off sprinklered rooms for combustible refuse with a similar area for salvage cartons, etc. to be reused.



He's
fact-finding,
not
window shopping

... HE'S YOUR
UNDERWRITERS'
EYES
IN
THE FIELD

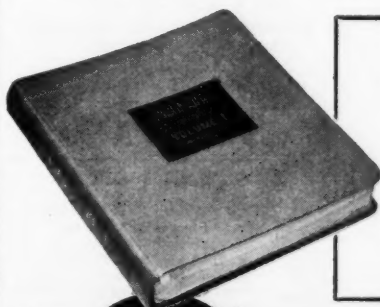
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He's a Sanborn fieldman. His impartial eyes see all the facts—good and bad—that add up to a good risk or a poor one. It's a big job to keep up to date the facts your underwriters need, so Sanborn fieldmen are constantly on the move, reporting new construction and recording all physical changes made since the last preceding survey. That's why Sanborn Maps provide your underwriters with the *only* accurate, up-to-date visual record of the *physical* facts essential to sound selection of risks.

Sanborn Map Company can provide you immediately with maps of all cities and towns with 2,000

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Sanborn Maps protect you against over-coverage and against poor risks. They are a quick, permanent record of amount and distribution of liability and of conflagration risks. They cut survey costs, unshackle your fieldman for production, are indispensable to sound underwriting, and are a proven basis for larger net retentions. Write for sample of new reduced-size, cost-saving map.



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(Binder Size: 13½" x 14"). The result of extensive research in customer requirements. Light weight—easily handled by women. Saves up to 75% in floor space. Clean, swift, periodic revision procedure without disturbing existing lines. Desk-high workability. Maps of many cities now available.
No data is sacrificed!

The Only Visual Medium for Recording...

High Value Congested Areas
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Amount of Liability
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"K.O.'s" and Cancellations
Cubic Area



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SANBORN MAPS March, 1952.

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PEARL AMERICAN

PEARL ASSURANCE COMPANY, LTD.
EUREKA SECURITY FIRE & MARINE INSURANCE CO.
MONARCH FIRE INSURANCE COMPANY

HOME OFFICE: 19 RECTOR ST., NEW YORK 6, N. Y.

CLEVELAND, 320 Bulkeley Bldg.
PHILADELPHIA, 436 Walnut Street
SAN FRANCISCO, 369 Pine Street

NEW YORK, 85 John Street
CINCINNATI, 1423-24 Carew Tower
CHICAGO, 175 W. Jackson Blvd.

APPRAISALS

RECOGNIZED AUTHORITIES ON
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an immediate audit. Disclosure of the shortage followed. Outside audits and fellow employees followed examinations as a cause of discovery, each being responsible for the same number of cases. Other causes included: failure to remit collections, customers inquiry, director's inquiry and decision to liquidate. In the case of one New England institution, the defaulter was picked up by New York City police before the loss, which had occurred the day before, had been discovered by the association.

The mature age of most defaulters was impressive. The oldest was 75. Many were in their forties and fifties. Eight were women. A large majority had families. One person had been with the association 19 years before starting to steal.

Only ostensible reasons for stealing were considered. The chief reason was living expenses—what is commonly termed living beyond one's means. While extravagance was evident in some cases, in others the taking was for ordinary day to day expenses. Next in order came outside business and gambling. One 42 year old spinster embezzled \$17,000 to bet on the horses. She stated that she never bet more than \$10 at a time. That would make at least 1,700 bets placed with her associations' money, if she lost on all of them. Other reasons were hospitalization, loan to father-in-law, real estate speculation, entertainment. Another spinster stole to prepare for a marriage. Her stealings were applied in part to purchase furniture with which to set up housekeeping. Tragedy overtook her, however, as she was first jilted and then her default was discovered.

In analyzing methods of concealment, Mr. Wood noted that many cases would have been brought to light promptly by proper supervision. There were a few cases where there was no attempt at concealment. The methods of concealment are given herewith.

Delay in furnishing bank statements to directors enabled one secretary to steal \$7,000 over a seven month period. Various kiting losses would come under this heading.

Burial as a single item. In one case the shortage was carried as an overdraft, in another a fictitious check was used as a cash item.

Commingling might be considered a combination of delay and burial. There was a variety of commingling—the defaulter who pooled personal funds with those of the association and his real estate agency all in one bank account; in another case the secretary-collector for several associations deposited all funds in one account, and in some cases where the association official was also a bank official there was commingling.

No or incorrect recordation was used particularly with deposits and collections. One defaulter applied it only to deposits by mail. In mortgage and rent payments the amount was sometimes understated. In one case real estate sales were not entered on the books. In another case, when a debtor paid up a loan in one large sum, the defaulter would leave the account open and each month thereafter make a small payment to make it appear as though the loan were still being paid off. One case occurred where the sale of securities was not recorded.

Charging to other accounts was used in one case where the secretary was too busy as town auditor to check association accounts. Here escrow accounts

were charged with moneys withheld from mortgage loan payments and savings deposits. In other cases the loss was charged to general expenses, withdrawal by mail and by increasing the amounts of loans to legitimate borrowers whose certificates would provide sufficient collateral.

False entries consisted of showing purchase of bonds in bond register when none was purchased, making withdrawals from individual savings accounts, making fictitious loans and otherwise manipulating accounts. Under this heading would come situations where all the records were controlled by one individual.

Removal or concealment of records consisted of holding out shareholders' payments and corresponding tickets, withholding account cards made for new accounts, removing savings ledger cards, substituting dummy ledger cards for authentic cards and, in three cases, destroying inactive account cards. In one case, involving inactive accounts, the balance was set up to the defaulter's account; in the others, the cards were replaced with closed account records.

Duplicate set of books requires the defaulter to be alert to substitute one for the other as occasion demands.

Shift of shortage cases occurred where the association official was also a bank official. At examinations assets of the bank would be used to make up shortages in association accounts and vice versa. In one case, the loyalty of the defaulter was equally divided between association and bank, as he took \$180,000 from each. In other cases the balance went either way. One president of several associations who was also a bank president protected his associations at the expense of his bank. An association secretary who was also an assistant trust officer stated that he embezzled in the association because it was so easy whereas the close supervision and control in the bank prevented him from creating any shortages there. One bank vice-president and counsel who embezzled close to a million dollars from about 100 sources, the chief one being a bank, for some unknown reason did not steal from an association of which he was president.

The shortest period of default occurred when the sweetheart of a girl clerk entered the association premises at night by means of a key which he had stolen and opened the safe by the combination given him by his girl and stole \$21,000. The FBI broke the case the next day. Part of the stolen money was found hidden in the girl's hope chest.

The longest period of default involved a secretary who was 70, married, with 10 children. He was employed five years before he began to steal. His stealings continued 37 years before discovery. He stole for living expenses. He created the default by withholding cash, particularly dividends due shareholders. He concealed the default by operating two sets of books. The auditing committee never checked to see if the reports given by the secretary were correct—the statements were always accepted without question. The loss was discovered when the association decided to liquidate and called in an auditing firm to handle the closing out. The loss totaled \$150,000. The fidelity bond on him was \$2,000.

There is sometimes a run of losses. One association produced three losses in the loan department in 12 years. A bookkeeper and clerk created a \$6,-

000 loss in a vice-presidential position. A vice-president who was a loss of \$25,000 in the new market period, so that the loss was not as could be concurrent with these three differently. fictitious loans and funds of loans.

A loss of misappropriation were as much as 64, and had 25 years. The loss was not his lunch money exercised by member were at the month. The entered in a deposit ticket fine paid. difference. the loss be no record and even tumb for e. The loss was teller reported cents between deposit ticket ledger card action hand loss was i banking d sary to est in order tional \$790 the records

One default single year week, this 000 each l the total w was vice-p ager of th was discov and had st year after for the de in outside interested tions, syn vesting in buildings The defaul by the pr checks on payable t checks in in various then with verted an checks on payable t of his per personal were carri ciation as pal's pass caused th loans ma were uns cured. He chief item posit tota when the \$16 milli escape ex jecture. T certain c for the i

000 loss in a little more than two years. A vice-president and loan manager ran up a loss of \$50,000 in 10 years. This loss was started within a year after the discovery of the previous loss. A year after the second loss a third loss of \$25,000 was discovered, caused by the new manager. It covered a 10-year period, so that two men in the department, unknown to each other as far as could be determined, were stealing concurrently for nine years. Each of these three defaults was accomplished differently. The first defaulter created fictitious loans, the second stole escrow funds and the third stole repayments of loans.

A loss of \$150 involved 400 to 500 misappropriations of which only nine were as much as a dollar. The defaulter was a bookkeeper and teller, 64, and had been with the association 25 years. The peculations covered six years and were used to supplement his lunch money over which his wife exercised strict control. The loss was created by stealing half the fines paid by members on late payments. Fines were at the rate of 1 cent per \$100 per month. The payments were correctly entered in the members' books but the deposit tickets showed only half the fine paid. The defaulter pocketed the difference. It was possible to conceal the loss because the association kept no record of the individual fines paid and even the books provided no column for entry of the fines collected. The loss was discovered when another teller reported a discrepancy of 75 cents between the amount shown on a deposit ticket and a credit on the ledger card in connection with a transaction handled by the defaulter. The loss was increased \$790 because the banking department found it necessary to establish records of the fines in order to prove the loss. An additional \$790 was paid for establishing the records.

One defaulter stole \$3 million in a single year. Figuring on a six-day week, this averaged a little over \$10,000 each business day. In 8½ years, the total was \$10,811,000. The defaulter was vice-president and secretary-manager of the association, 45, when loss was discovered, married with one son and had started stealing less than one year after being employed. The reason for the defalcation was putting funds in outside business ventures. He was interested in more than 30 corporations, syndicates or partnerships, investing in oil, real estate, stocks and buildings with little, if any, success. The default was created and concealed by the principal wrongfully drawing checks on the funds of the association, payable to himself, depositing the checks in his personal bank accounts in various local banks, from which he then withdrew the monies and converted and used them. He also drew checks on the funds of the association, payable to his appointees in payment of his personal obligations or for other personal purposes. Such transactions were carried on the books of the association as an overdraft in the principal's pass-book account. Loss was also caused through fictitious or fraudulent loans made by the principal, which were unsecured or inadequately secured. He kept two sets of books, the chief item of difference being the deposit total which showed \$8,500,000 when the actual deposits were over \$16 million. How this continued to escape examiners is a matter of conjecture. The loss was discovered when certain directors sought the reason for the increase in number of with-


drawals and questioned the principal as to the association's financial strength. The principal immediately confessed. A \$50,000 blanket bond was carried and the association failed to the discomfort of its 72,000 depositors and 196 employees. Prior to joining the association, the principal had been discharged from a local bank for dishonesty.

The Barnes & Barnard agency and the Geare-Everstine agency at Cumberland, Md., have been merged under the title of Barnes, Barnard & Geare with offices at 50 Baltimore street.

Tells How to Put Damper on Supermarket Fires

National Inspection Bureau has gotten out a bulletin that has attracted a good deal of attention on why supermarkets burn. This appears over the signature of Assistant Manager Richard M. Hubbell. There have been many losses on these risks and they are getting close underwriting attention. The preventives that are suggested include automatic central station fire alarms, preferably in connection with sprinkler equipment; incombustible

draft curtains in blind attics with department access hole in the roof so cellar nozzles can be poked into the attic from outside; refrigeration compressors restricted to cut-off fireproof areas with regular inspection and clean-up; rigid compliance with national electric code; rigid lighting fixtures with no extension or drop cords in stockrooms; central heat from fireproof quarters; employee smoking restricted to safe areas where sand or water buckets for stubs are available; separate yard sheds or separate, cut-off sprinklered rooms for combustible refuse with a similar area for salvage cartons, etc. to be reused.



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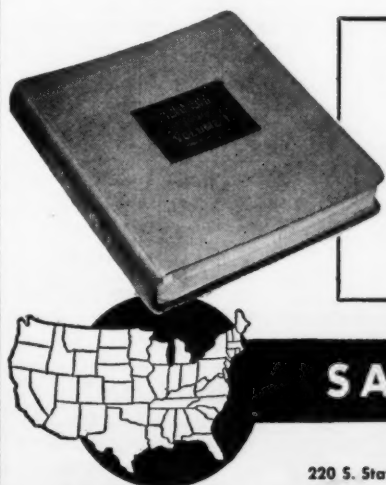
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O. C. Griffith Resigns Crum & Forster Position

O. C. Griffith has resigned as chief of casualty operations in the western department of the Crum & Forster group at Freeport. He has been in that position about a year and a half, and previously for 15 years was with Farm Bureau Mutual of Ohio, and has been a prominent figure in casualty underwriting circles. He is a graduate of University of Ohio.

Jeffers, Barnett Advanced

The Farm Bureau companies, Columbus, O., have appointed Dean W. Jeffers, formerly manager of central operations, to a newly-created position, director of operations. James W. Barnett, previously in charge of underwriting in central operations, takes over as manager of that unit. Both are veterans. Mr. Jeffers joined the

companies as a part-time agent in 1940. Mr. Barnett started as an underwriter in 1946.

Vitt to Society Board

Bruno C. Vitt, president of American, has been nominated to fill a vacancy on the board of Insurance Society of New York. This was created at the request of J. M. Haines, retired U. S. manager of Phoenix-London, who asked to be relieved of his duties because of frequent absences from the metropolitan area. The annual meeting of the society was June 24 in New York City. Nine others nominated for the board are incumbents.

B. Thomas Preston has joined American Universal as head of the safety engineering and inspection departments. He has been with Retail Credit and Atwell, Vogel & Sterling.

Lewis at Los Angeles

Surety Underwriters Meet

Martin W. Lewis, general manager of Surety Insurance Assn. of America, was a guest at the final spring meeting of Surety Underwriters Assn. of Southern California at Los Angeles. He reviewed the association's activities the past year, and made some suggestions as to what may occur in the industry in the immediate future.

He said losses on surety risks have been on the decline and expressed the hope that this situation might continue. He hinted losses on contract bonds may be lower and urged cooperation of local associations in the educational program of the national organization, which is being extended.

The meeting was in the nature of an old-timers night, with practically a dozen present who have been members for almost two decades. Arden Day

of the Seyler-Day agency ranked highest with a record running back to 1911.

Interesting Advertisement

An interesting advertisement in a recent Grand Forks, N.D., newspaper was illustrated with a photograph showing Loyde C. Thompson and William Froehlich of the Loyde C. Thompson Co. agency there presenting George Phelps, Jr., a jewelry insurance policy issued by Pennsylvania Fire, for which they are agents, insuring a \$45,000 necklace held by George Phelps, Sr., also of Phelps jewelry store, which sells "keepsake diamonds." The advertisement provided an effective vehicle for telling Grand Forks people about two prominent local concerns.

Prudence Life of Chicago has reinsured all outstanding policies of Home Mutual Casualty of that city.

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Carnell Berths Swiss-Financed Insurance Enterprise At Birmingham; Forms Am. Liberty

Fred A. Carnell, who has been in process of developing a Swiss-financed insurance setup in the U. S., is now preparing to make its berth at Birmingham, Ala. Penn-Liberty Fire, which his people acquired some time ago, is to be merged into a new Alabama multiple line company, called American Liberty, with \$1 million capital, \$2 million net surplus and assets of about \$5 million.

Construction of an air conditioned office building, to accommodate an initial staff of 100, will begin shortly at 1401 South 20th street. Temporarily the company is to occupy offices one block north of its future home.

White, Bradley, Arant, All & Rose are the general counsel. William Ben White of this law firm said the organizers have contributed \$1½ million to the company, which will be augmented by resources of Penn Liberty.

The Swiss insurers that are interested are Swiss Mobiliar of Berne, Helvetia Swiss Fire of St. Gall, and New Insurance & Reinsurance of Geneva.

Control of American Liberty is vested in Mr. Carnell, Mr. White and John S. Jemison, Jr., investment banker of Birmingham, who will hold all the stock under a trust agreement.

Directors consist of the three trustees and J. Finley McRae, president of Merchants National Bank of Mobile;

Ralph R. Moore, G. A. Schelling and W. Koenig, of the Swiss companies

Mr. Carnell, chairman and president, for many years was secretary of Seibels-Bruce & Co. of Columbia, S. C., and later executive vice-president of North Star Reinsurance.

L. A. Voight, vice-president, formerly was with the southern department of Crum & Forster, and an executive officer of Birmingham Fire of Birmingham.

Charles W. Gambrell, secretary, was previously with Seibels-Bruce & Co., and also with the law firm of Haynesworth & Haynesworth, Greenville, S. C.

Erdman Benson, treasurer, formerly of Hollywood, Fla., was with Joseph Froggatt & Co., and served as comptroller of Agricultural.

Slate W.U.A. PR Parley for Chicago July 6

The sixth annual public relations conference of Western Underwriters Assn. is being held at Chicago commencing July 6 at the Union League Club. This includes the public relations chairman from each W.U.A. state together with the field club president from each state if he has not previously attended such conference in his capacity as PR chairman. Besides Walter Dithmer, the public relations assistant manager of W.U.A. and other W.U.A. staff executives, there will be present George Traver of National Board; Fred Westervelt of General Adjustment Bureau; N. H. Davis of Underwriters Laboratories; George Lynch of Western Adjustment; F. S. King of Underwriters Adjusting; K. H. Parker and Harvey Snekiker of Western Actuarial Bureau.

Oklahoma Has O. D. Law

Oklahoma has become the 42nd state to include occupational diseases under workmen's compensation laws. Only Alabama, Kansas, Louisiana, Mississippi, Vermont and Wyoming now fail to provide for O. D. coverage.

Oklahoma's legislature two years ago passed an O. D. law, but Governor Murray vetoed it because of an amendment he said made it unworkable. The new bill was worked out in legislative committee hearings by representatives of labor and industry and has been signed by the governor.

The new Oklahoma law is of the type listing what occupational diseases are covered, rather than providing blanket coverage.

Ind. Commission Limit \$300

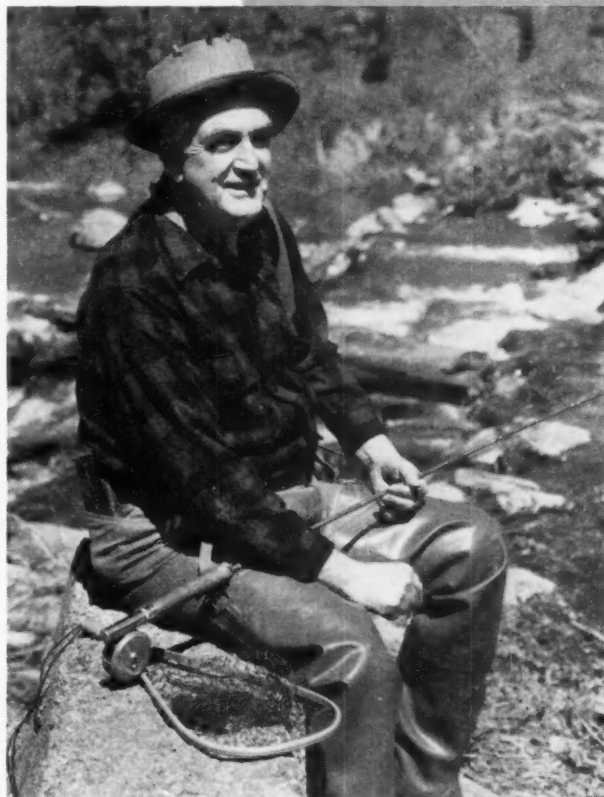
INDIANAPOLIS—Following reports that certain Republicans were getting most of the insurance patronage, William E. Sayer, administrative assistant to the governor, said that no agent will be permitted to net more than \$300 a year in commissions on policies sold to the state.

Kevin D. Brosnan, Indianapolis, a member of the governor's special insurance committee, said he and Noland C. Wright, Republican state chairman, will receive commissions of about \$1,500 each but will share them with other agents.

"We actually lose money doing all the traveling and file-keeping necessary to provide adequate coverage on state-owned or leased properties," Mr. Brosnan said.

Superior Judge Wollenberg of San Francisco has issued an order of liquidation for Public Service Co., and named Commissioner Maloney as liquidator. The company has been in the hands of the commissioner as conservator since March, 1952.

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May Get Five Codes on Insurance in Ariz.

With the appointment in Arizona of a five-member advisory group to assist in drafting a new insurance code, there has developed a movement to write five separate codes with the idea that the bickering that developed in the last legislative session would be avoided at least for those groups that had nothing controversial to hinder adoption.

When the Arizona code was being debated in the legislature, the fire and casualty people had only minor points they wanted clarified, and these were not considered obstacles to adoption; however, action was postponed for a year following the squabble between the legal reserve and the domestic benefit life companies.

Members of the advisory committee are: Stock fire and casualty, Harry W. Nason, executive secretary of Arizona Assn. of Insurance Agents; non-stock fire and casualty, Dan H. Higgenbotham; legal reserve life, E. D. McGwire; mutual benefit and domestic, Alfred S. Hanson, president of Charter Oak Ins.

Co. of Phoenix and president of Assn. of Arizona Insurance Companies; A. & H. and disability, William B. Huie, Arizona general agent of Business Men's Assurance.

This group will assist only in the code considerations and will not participate in the investigation by a legislative committee of the state's insurance business.

Maurer Addresses Students

Irving J. Maurer, treasurer of Farmers Mutuals of Madison, gave a lecture on career opportunities in the insurance world before the 150 students studying principles of insurance at University of Wisconsin. This marked the closing of the term.

Columbus Board Elects

Insurance Board of Columbus, O., has elected Fred L. Hirsch, president; John C. Glandon, treasurer; H. S. Anderson, vice-president.

Johnston to Employers Mutuals

Neil Johnston has been appointed assistant treasurer of Employers Mu-

tual Liability and Employers Mutual Fire of Wausau, Wis. Mr. Johnston is a graduate of the University of Chicago and since his service as a navy officer has been with the Chicago investment securities firm of McCormick & Co.

GAB Names Three on Coast

John B. Hamilton, manager at Tacoma for General Adjustment Bureau for 17 years, has been promoted to general adjuster there. He will devote his entire time to loss adjusting in the northwest.

Harold N. Dempcy, who has been at Tacoma for many years and has been with G.A.B. since 1937, becomes the new manager there.

At Oceanside, Cal., G.A.B. has appointed R. E. Romans as resident adjuster. He has been with the organization since 1948, serving at El Centro, Cal., Flagstaff, Ariz., Los Vegas and San Diego.

Mrs. Harry Lockwood was elected president of Elmira and Chemung County Assn. of Insurance Women at a meeting in Elmira, N. Y. Other officers elected were: Vice-president, Miss Lynn Ahrens; secretary, Mrs. John Ackerson; treasurer, Miss Eleanor McMahon; board members Mrs. Marshall Brownlow and Miss Dorcas Marsh.

Godfrey Heads Governing Committee of Pacific Board

Milton C. Godfrey, Pacific Coast manager of Norwich Union, has been elected chairman of the governing committee of Pacific Board.

Hugh S. Coburn, Boston-Old Colony, board president, has announced committee appointments. Chairmen are: Accounting and office procedure, E. R. Hindley, National Fire; actuarial and research, R. E. Alderman; administrative, S. T. Shotwell, North British; legislative, R. H. Griffith, Glens Falls; public relations, C. M. Marshall, Aetna Fire; Surplus Line Assn, Malcolm Cravens, Cravens, Dargan & Co.; California advisory farm committee, Lee S. Gregory, Fireman's Fund.

The following were reappointed to state committees for another five-year term: M. H. Rodgers, Alaska; R. E. Alderman, Arizona; E. E. Simpson, California; J. C. Qualmann, Hawaii; S. W. Weymouth, Idaho; E. R. Hindley, Montana; L. S. Gregory, Nevada; J. P. Breen, Oregon; Hugh S. Coburn, Utah.

Fourth Insurer Cited by Maloney on Sales Conduct

Maloney of California has filed an accusation against Hearthstone Ins. Co. of Massachusetts and its president, W. Clement Stone, who holds a non-resident broker's license, charging misrepresentation and fraudulent conduct of business in the sale of A. & H. insurance in California.

This is the fourth A. & H. company that Mr. Maloney has gone after in recent months. The first three, World of Omaha, United of Chicago, and National Travelers of Des Moines, were cited on "fraudulent and misleading" advertising, and Hearthstone is charged with misrepresentation and fraudulent conduct in the sale of a certain limited accident policy. Mr. Stone is charged with having aided and abetted the company's misrepresentation.

Maloney alleges that the company's program, as embodied in its printed training material, instructs the agents, employees and representatives to solicit "in an artful, cunning, tricky, deceiving, misleading and fraudulent manner." He cites 27 individual instances of specific misrepresentation by agents in the solicitation and sale of policies in Fresno, and nearly all of the company's agents specializing in sale of the policy in question have been individually charged with misrepresenting that policy.

A finding against Hearthstone could result in a suspension of its California license, and Mr. Stone stands to lose his non-resident broker's license. Hearthstone is part of the Combined group of Chicago, of which Mr. Stone is the head.

Becker Now Seattle Agent

Fred C. Becker, for more than 10 years manager of Great-West Life at Seattle, has resigned to open a general insurance agency there. He has been prominent in Republican politics, having been a candidate for insurance commissioner three times against W. A. Sullivan, Democratic incumbent.

Richmond Insurer Ups Dividend

American Fidelity & Casualty has put its stock on an annual dividend basis of \$1.20 by declaring a quarterly dividend of 30 cents payable July 10 to stock of record June 30. Previously, American F. & C. had been paying 25 cents quarterly.

R. G. H. Indiana

Indiana Fire... its annual m... Inn, on Lake... president, Rob... Assurance; vi...



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R. G. Hubbell Is Elected President of Indiana Fire Underwriters Association

Indiana Fire Underwriters Assn., at its annual meeting at Maxinkuckee Inn, on Lake Maxinkuckee, elected as president, Robert G. Hubbell, Northern Assurance; vice-president Marshall R. further suggested that the field clubs be developed so that their resourcefulness may be projected in working out a two-sided listening operation for public relations programs. He diagram-



Beal of Failing, Beal & Fisher; secretary, Miss Elizabeth S. Cooper. Elected to the executive committee were: George F. Wilder, Home; Kenneth W. Scott, Fireman's Fund; Kenneth C. Langhammer, Aetna Fire; William J. Cridland, Royal-Liverpool. Jesse E. Miller, Ohio Farmers, is a holdover. The retiring president, H. W. Montgomery of W. P. Ray & Co., stressed the need for more trained public relations personnel, to collaborate with the field men at the grass roots level. He

med a method whereby this may be effected. Kenneth S. Ogilvie, assistant manager of Western Underwriters Assn., was guest speaker. Prominent figures at the convention are shown in the picture: R. G. Hubbell the new president; Miss Cooper, Mr. Ogilvie, and Mr. Montgomery. The picture is by Richard M. Hubbell, assistant manager of National Inspection Co., Chicago, and brother of R. G. Hubbell.

Cal. Committees to Study Compulsory, Related Cover

Committees to study compulsory automobile insurance, comparative negligence and personal injury damage are being organized by the California legislature in accordance with special resolutions approved during closing hours of the 1953 session. The senate rules committee will name a special committee to study compulsory insurance and the senate interim judiciary committee will study comparative negligence. The assembly committee on finance and insurance will study compulsory auto insurance and the assembly judiciary committee will study comparative negligence and auto compensation systems. This committee will also consider a proposal to study limitation of awards.

Neb. Underwriters Meet

Charles Barr, underwriter of Standard Reliance, led a discussion on underwriting at a meeting of Nebraska Fire & Casualty Underwriters Assn. at Lincoln. Twenty underwriters, representing 12 companies at Lincoln, Omaha and Seward, attended.

Thompson Hartford Head

John H. Thompson, Loyal Protective Life, has been elected president of Hartford Assn. of A. & H. Underwriters.

Columbus Accountants Elect

Columbus (O.) Assurance Accounting & Statistical Assn. has elected as president Lowell S. Rinehart, Farm Bureau Mutual. Pete A. Keyes, Buckeye Union, is vice-president; Lloyd Wright, Motorists Mutual, secretary, and David M. Key, Jr., Farm Bureau Life, treasurer.

Mo. Companies Push Sales Before Auto Law Sets In

Missouri Superintendent Leggett, addressing a joint luncheon of Insurance Institute of University of Missouri and Missouri Assn. of Insurance Agents, revealed that several state companies are proceeding with their individual sales campaigns prior to the Aug. 29 effective date of the new state auto responsibility law. Overall effect of the new law should be reduction of accidents and fatalities on Missouri roads, he declared.

Cherokee Expands in Ala.

G. William Blair has become Alabama state agent for Cherokee of Nashville with headquarters at Birmingham. He has been with Atlantic Mutual five years, and most recently has been located at St. Louis. He is a graduate of University of Kentucky.

Elect Blann in West Tex.

West Texas Blue Goose has elected L. W. Blann, Frank Rimmer & Co. general agency, as most loyal gander; R. D. Batjer, independent adjuster at Abilene, as supervisor; A. R. Granberg, Springfield F. & M., custodian; C. E. Colson, Trinity Universal, guardian; Robert G. Jonason, Royal-Liverpool, keeper, and Herman Brown Commercial Standard Welder.

Bolles Named in Illinois

Cream City Mutual of Milwaukee has appointed Chester O. Bolles as special agent in Illinois with headquarters at Springfield.

The hospital relations committee of San Antonio Assn. of A. & H. Underwriters will meet with a committee from the Bexar County medical society to discuss claim reports and standardized surgical benefits in policies.

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Chase Conover & Co., consulting actuaries and accountants of Chicago, announce an additional specialized service for insurance companies comprised of systems and procedures for premium and claim recording and control, operating expense budgeting, analysis and control and application of tabulating machine equipment to company requirements.

M. F. Brennan, M. C. A., the managing director of the firm in charge of the life and accident and health department, has been with the company since its inception. He was previously for seven years with several insurance companies. He took over the management following death of Mr. Conover last September.

A. S. Boyd, Jr., joined the company in February, 1952, and is in charge of the fire and casualty department. He has had 25 years experience in the actuarial and accounting field representing both company and the public. He was for five years associated with a large national accounting firm and operated as an independent for about 10 years. He also held executive positions in several insurance companies.

Kenneth Camden, a practicing C.P.A. since 1937, will specialize in and will have charge of the tax and commercial department.

Chase Conover & Co. was established in 1935 and operates on a nationwide basis.

Herda Pacific Indem. V.-P.; Archer in His Former Job

Clarence R. Herda has resigned as secretary-treasurer of Swett & Crawford, and its Los Angeles manager to become vice-president of Pacific Indemnity. John H. Archer, who has been claims manager for S. & C., becomes the new Los Angeles manager. Mr. Herda was born in Chicago and went with S. & C. in 1926 in the credit department. He has been L. A. manager six years. Mr. Archer attended Los Angeles college of law and went with Trinity Universal at L. A. in 1934. He went with National Automobile & Casualty in 1943 and joined S. & C. in 1945.

Wash. Semi-Annual July 10

The Washington Fire Underwriters Assn. semi-annual meeting will be held July 10 at Sand Point Country Club, Seattle. Benjamin Barnett, North British, is chairman of arrangements. The business meeting will start at 3 p.m., followed by cocktails at 5 and dinner at 7 p.m. Many golf prizes are to be awarded, including the D. K. MacDonald trophy and the H. C. Coffman trophy.

New Wichita Claim Service

Clyde C. Benefiel and Al Duncan have formed a partnership as Kansas Claim Service at Wichita, with offices in the Northern building. Both were formerly with Sheffer-Cunningham.

Byrnes-McCaffrey to Build

The Byrnes-McCaffrey agency of Detroit is putting up a building of its own in East Jefferson avenue a mile east of Woodward. They expect to be able to move in about Jan. 1, 1954.

Williams Heads Claim Men

The Boston L. & A. Claim Assn. elected Joseph M. Williams, Columbian National, president, at its annual outing at Marlboro, Mass. Others named

were: Allyn L. Baker, Massachusetts Mutual, vice-president; George R. Bacon, H. C. Hawthorne Co., Boston, treasurer, and John P. Brady, Union Mutual Life, secretary.

Brunet Is Los Angeles Bond Head of Am. Auto

Albert H. Brunet has been appointed bond manager at Los Angeles for American Auto. This is in line with an expansion program for the newly organized Pacific Coast bond department that was set up under the supervision of Vice-president Ashby C. Taylor. Mr. Brunet was associate manager of Maryland Casualty at L. A. He attended Lake Forest college and started in the insurance brokerage business at Chicago 25 years ago. He was with Century Indemnity at San Francisco from 1939 until 1941, and then was bond manager for Employers' group at Chicago. He returned to that organization at L. A. after serving in the navy and went with Maryland Casualty in 1949. He is vice-president of Surety Underwriters Assn. of Southern California.

Yost Joins N.Y. Underwriters

Edward C. Yost has joined New York Underwriters as special agent with headquarters at Bath, Pa. He has been with Middle Department Assn. of Fire Underwriters for several years.

Neb. Conditions Are Eased

The Nebraska legislature, in amending the small loan law, authorized licenses to write credit life and A. & H. and fire and E. C. on real and personal property and automobile insurance including BI and PDL. Insurance commissions received by licensees are exempted from prohibition against charges supplementing the authorized small loan rate. However, licensees are barred from requiring credit life and A. & H. cover as a condition of a loan. Before amendment the law permitted licensees to require property insurance and there was an implication that the licensee could sell this, but there was a specific prohibition as to the requirement or sale of other type of insurance.

Burke Succeeds Ray Bass

John F. Burke of Coast Service Co. of San Francisco, has been elected 1st vice-president of National Insurance Buyers Assn. at a meeting of directors. He takes the place of Ray S. Bass of A. E. Staley Manufacturing. Co. Coast Service Co. is the insurance management subsidiary of Transamerica Corp. He has been regional vice-president of N.I.B.A. for three years.

Theft Bureau Issues Manual

National Automobile Theft Bureau has put out a manual that is designed to acquaint the insurance people with its origins and objectives and to furnish claims representatives and adjusters with notice of what is required in the way of reports to be made to N.A.T.B.

St. Paul Agencies Merge

Two St. Paul local agencies have merged but will maintain their separate names and personnel. They are the O'Brien Co. and E. M. & H. F. Ware Co., the latter one of the oldest agencies at St. Paul. Michael A. O'Brien is the executive head. Also involved is the Don Haynie agency, which was taken over by the O'Brien Co. following the death of Mr. Haynie a few months ago.

Ruwal Freese, son of Walter Freese farm and hail special agent of Great American, Topeka, has been named to attend the Kansas Boys State at Wichita and the Blue Goose has requested that it be permitted to sponsor him.

Haber Lesson with Co

Sanding pr Corporation, C ited last April lives and cau \$330,000, was investigation Bureau. The compa work, more tapping and castings used electric deep loss in lives floor where assembled.

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Haber Fire Graphic Lesson in Working with Combustibles

Sanding procedure in the Haber Corporation, Chicago, which was visited last April by a fire which took 35 lives and caused an insurance loss of \$330,000, was the focal point of an investigation by Cook County Inspection Bureau.

The company, engaged in metal work, more specifically the drilling, tapping and cleaning of aluminum castings used in the manufacture of electric deep friers, suffered its worst loss in lives on the third and fourth floor where the castings were being assembled.

The company's system for collecting and centralizing metal dust thus accumulated drew the most criticism from the inspection bureau. According to the report, a single dust collector system was conducted to both the polishing and sanding machines, consisting of a sheet metal exhaust duct from the machines to a blower fan on the first floor inside the building. The discharge pipe from the blower did not extend through the upper floors, the report went on, but pierced the wall of the building at the first floor ceiling and extended along the outside, discharging into a cyclone collector located on the roof of an adjacent two-story building also belonging to the company.

"Statements made by employees working on the sanding and polishing machines are in variance as to the effective operation of the collector system," the inspectors said. They recommended: "Exhaust systems collecting metallic dusts should be electrically interconnected so that in the event of reduced blower action below a predetermined safe level, the power supply to sanding, grinding or polishing machines will be automatically shut off."

A need for properly enclosed floor openings, facilitating rescue and fire-fighting operations, as well as confining any possible fire, smoke or fumes to the first floor, also was a conclusion by the inspectors.

Other conclusions arrived at by the bureau were that: Isolation of mineral springs wash tanks from the vicinity of the sanding and polishing operations would have decreased the speed with which the fire spread. Metal frame windows, rather than Haber's wood sash ones, would have speeded up evacuation.

Solutions for washing aluminum castings prior to sanding, polishing or grinding, should be incombustible, the inspectors said. They strongly urged confining any operations producing highly combustible dusts to an area separated from other work and frequent cleaning of exhaust ducts and daily removal of metallic dust from the collector receptacle.

The bureau observed: "Reference has been made to the possibility of high winds affecting the proper operation of the dust collecting system but this fact could no be substantiated."

Six Chicagoans, including Elmer F. Reske, bureau manager, comprised a special committee organized by the city of Chicago committee on buildings and zoning to investigate the fire. Haber Corp. carried no business interruption insurance.

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Public Liability, Property Damage
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Jamestown Agents Elect

Gilbert S. Smith was named president of Jamestown (N. Y.) Fire & Casualty Underwriters Assn. at its annual

meeting. Miss Agnes Ahlstrom is vice-president; Mrs. Gladys Grimshaw, secretary, and Mrs. Sally Johnson, treasurer. C. Kenneth Johnson is retiring president.

Non-Resident G.I.s in Ga. May Now Be Insured Under Assigned Risk Plan There

Non-resident military personnel stationed in Georgia may now be insured through the Georgia automobile assigned risk plan, it has been announced to members by Georgia Assn. of Insurance Agents following changes in the plan approved by the Georgia department.

As one of the largest military encampment states in the country, the new rule will greatly improve relations between military posts and their personnel and agents, according to George Fairleigh, executive secretary of the association. Previously the agent could only refer the non-resident applicant to his own state or submit the application to the Georgia plan for forwarding to the plan of the state of residence, in which latter event he often was disallowed a commission because of non-resident countersignature laws.

Non-resident military personnel insured under the plan will not be eligible for renewal after the anniversary date of the policy following removal from the state.

Among other changes in the plan, effective July 1, the deposit fee has been increased from \$5 per car to \$15 for private passenger and school buses, \$150 for I.C.C. and state regulated long haul and buses, \$75 for other public taxis and liveries subject to federal or state regulation, and \$50 for all other commercial or public motor vehicles.

Under the above deposits, if the applicant refuses to accept the policy the designated carrier retains the short-rate earned premium for the period of coverage or \$5 per car, whichever is greater.

All applications in the plan will now become automatically bound if the designated carrier does not reject or issue the policy within 15 days after receipt of application.

Three J.&H. Veterans Veeped

Three Johnson & Higgins veterans, all of whom are account executives, have been elected vice-presidents, they being John Forsyth, Charles Helms and George Dangman.

Mr. Forsyth has been with J. & H. since 1921 and was formerly head of the engineering department.

Mr. Helms in 1911 started with Willcox, Peck & Hughes, which merged with J. & H. in 1924. Marine insurance is his forte.

Mr. Dangman joined J. & H. in 1924 and was for several years manager of the cargo department. He is a governor of Downtown Athletic Club and New York Ski Club.

Honor Reynolds at Outing

Minnesota compensation rating bureau will hold its annual outing at Gull Lake, Minn., June 26, with James F. Reynolds, retiring general manager, as special guest of honor. Mr. Reynolds retires July 1 after more than 30 years with the bureau.

N. B. & M. Holds Outing

The North British & Mercantile head office family enjoyed an outing at Rye Beach, N. Y., making the excursion by steamer. The combined Middle-New England departments and the central-western contingent staged a baseball contest. Stephen J. Delaney, president of the Employees Club, was in charge of arrangements.

Worley to Phila. Agency Post

Charles Worley has been appointed manager of the Philadelphia insurance brokerage firm of Gillespie-Pye-Gray Co. He is a graduate of Ohio State, and in 1930 went with Hartford Steam Boiler as a special agent. He started with Zurich in 1939 and has been traveling in the Philadelphia area. He

was secretary-treasurer of Society of Chartered Property & Casualty Underwriters in 1948-49.

Larson, Petterson at Reins of Illinois Field Groups

(CONTINUED FROM PAGE 7)

and in other ways carrying out the group's program. Mr. Johnson was able to get through the 48 hours with only snatches of sleep and did not miss any of the scheduled talks.

Mr. Mooney, as president, presided over the meeting of Illinois Fire Prevention Assn., with Harold R. Cannon, Home, giving the secretary's report. Mr. Cannon noted the association is getting close cooperation in its programs from the inspection and adjustment bureaus. He described plans for a broadening of the town inspection program.

Guest speakers were C. H. Metzner, assistant manager of W.U.A., and John H. Moss, regional manager of National Assn. of Manufacturers, Chicago.

Mr. Metzner described results of survey in W.U.A. territory in which was found that 60% of all policies had a premium of less than \$25 and produced only 16% of total volume. Low insurance to value, rather than use of installment premium plans, is the reason for this small premium unit, according to Mr. Metzner. The average premium was found to be \$19.

Most of the policies in the small premium category were on dwellings, indicating this class may not be paying its share of the load, Mr. Metzner said. By increasing insurance to value, expense per unit would be lowered both for the agent and companies.

Mr. Metzner said that spreading of premium payments has increased the number of handlings per policy, but has not, as expected, raised insurance to value. He said in Illinois it is possible the automatic attachment of renewal endorsement will result in nearly all business being put on the installment plan, greatly adding to the number of handlings. Before installment plans were instituted, he said, 27% of the business written was for one year, 63% for three years and 10% for five. The possibility is, with installment premium payment, that 93% will come under such a plan or be put on an annual basis. This could lead to a 75% expense increase, with an accompanying 2% premiums reduction.

Thinking in the business today, he said, indicates the need for two installment plans is past. He mentioned that Illinois Assn. of Insurance Agents has gone on record as favoring abandonment of the annual extension plan.

Employers Has Wis. Rally

The Employers group held a sales panel meeting at Green Bay, Wis., under auspices of its Wisconsin department, which has headquarters at Milwaukee. Participants were R. E. Donohoe, Wisconsin resident manager, who acted as moderator; M. G. Engler, chief underwriter; Arthur Angove, bond manager; Ray Beck, fire state agent, and Frank Warner, field manager in northeastern Wisconsin. A number of similar meetings are planned for other areas of the state.

New Nashville Officers

New officers of Insurors of Nashville are: J. R. Jackson Jr., president, succeeding Mark Bradford; Thomas W. Jarrell, vice-president; Harry Wade, secretary. Twelve of the association's 16 living ex-presidents attended a dinner meeting.

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Public Hold A Concl

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Public Adjusters Hold Annual Conclave at Chicago

William Goodman of Baltimore, during his presidential talk at the convention of National Assn. of Public Insurance Adjusters at the Edgewater Beach hotel, Chicago, said the insurance companies in looking on the public adjuster as an unwelcome intruder, are "dangerously disregarding the interests of the insuring public." He said the public adjusters have been trying to cooperate with National Board so that the board will not disseminate distorted views as to the activities of public adjusters.

He said every state ought to adopt the kind of legislation that was enacted in Nevada recently for written examination for adjusters either for the companies or public. He said he had conferred April 30 with Bruce A. Bielaski, assistant manager of National Board, and said the National Board ought to sponsor legislation for licensing adjusters, also legislation to restrict brokers and agents from holding a public adjuster's license and restricting a producer from charging the insured a fee for services in adjustment of a loss.

Mr. Goodman was reelected president; Vice-presidents are: Murray A. Levy of Long Island; George Gordon, Boston; George Sigler, Passaic, N. J., and Harry H. Herbst of Chicago.

Ben Weinstein of Philadelphia is secretary, and A. H. Neaman, Pittsburgh, treasurer.

Mr. Goodman said that in the past representatives of General Adjustment Bureau and Western Adjustment have declined to address sessions of the public adjusters. Some of these invitations were accepted and then were later withdrawn. This, according to Mr. Goodman, was because they feared criticism by National Board or individual insurance companies for fraternizing with public adjusters. Mr. Goodman said he mentioned this to Mr. Bielaski who expressed great surprise. Mr. Goodman then invited Mr. Bielaski to address the Chicago convention and he said Mr. Bielaski would have done so had he not been committed to address the convention of National Assn. of Independent Adjusters in California. He said Mr. Bielaski has promised to talk to the 1954 convention. Mr. Goodman said the Chicago members had been unable to get any speakers for the convention and Mr. Goodman secured one in the person of Warren Jefferson Davis of California to be the banquet speaker. The cost of this was underwritten by 15 members. He said

also A. W. Ormiston, past president of Insurance Brokers Assn. of Illinois, would speak. Mr. Goodman said it was like batting his head against a stone wall to get new members. He said the association will continue to refuse aid to any public adjuster who is not a member. He said one public adjuster that was a member resigned and then attempted to get N.A.P.I.A. to intercede in his behalf. This N.A.P.I.A. refused to do.

Mr. Goodman said he prepared three sets of questions and answers for use of the Nevada insurance commissioner in giving tests for licensing adjusters.

He said he is greatly concerned by the "chaotic conditions" pertaining to public adjusters in New York. He said he tried his best to get New York Public Adjusters Assn. to join up with N.A.P.I.A., but he could get no cooperation. He expressed the belief that adjusters who won't join don't want to abide by "our strict code of ethics and prefer to operate any way they choose regardless of the harm done to themselves and to all of us." It is a big problem, he said, to overcome the stigma resulting from improper actions of an adjuster who is a non-member.

Mr. Goodman reviewed the matter of complaining to Readers Digest about the article "Is Your Home Properly Insured?" in which there were some harsh words said about public adjusters. He said that there are no N.A.P.I.A. men that are doing what this article charges public adjusters were doing although it may be that some non-members are doing so. Mr. Goodman said he has arranged to have a story written about the work of a public adjuster by a well known writer and Readers Digest has said it will publish a proper article. It has now been offered to them and if it is rejected, it will be offered to other publications and will eventually appear in some well known magazine, he said.

The total membership is now 71. This compares with 77 a year ago.

Mr. Goodman inserted a blast at George M. Blum, prominent independent adjuster of Chicago, for a talk that he made before a group of brokers at Chicago recently in which he made some uncomplimentary remarks about public adjusters. This was reported in THE NATIONAL UNDERWRITER of June 11 on page 29.

"I don't know who this George M. Blum, is and I care less," Mr. Goodman said. "We cannot be harmed by individuals with his venomous attitude."

"Now this George M. Blum steps on our toes and this is one time a deroga-

tory remark about public adjusters is not going unanswered. He says and I quote: 'You all have heard of public adjusters—or ambulance chasers. More properly, they would be fire engine chasers in our game. Literally, we adjusters would not resent an honorable, willing to work man being hired, because when that is done and that man does his work properly, the assured would present to us a sound establishment of facts. Our complaint against public adjusters grows out of the fact that they invariably attempt to sell their services to a policyholder on the basis of how much extra they can collect or how the company adjuster will gyp the policyholder, and then they all too frequently do not go into detailed facts, but generalize.'

"Let's analyze George Blum's condemnation of the public adjuster."

"Firstly—I am glad to be informed that this type of insurance company adjuster is such a noble exponent of equity, a definition given them by W. Jefferson Davis."

"Secondly—I am glad to be informed that a company adjuster sets himself up as the sacred emissary of the insurance companies!"

"Thirdly—Many company adjusters in order to cover up their conduct toward the insured bring about loud denunciation and abuse of the public adjuster by using the public adjuster as a scapegoat. They need someone on whom to blame their faults and shortcomings and it is the public adjuster who is always slurred."

"For years we public adjusters have been subjected to all attacks upon our names and reputations, but we will be no longer. This is not a declaration of war, but simply a statement of fact. We no longer intend to take it."

"However, notwithstanding anything that might be said to the contrary, we public adjusters find no satisfaction in this state of affairs. It must be stopped. Why should such periodicals such as THE NATIONAL UNDERWRITER, a fine trade journal, permit such attacks on public adjusters to be printed in the magazine?"

California Associations Elect

Officers elected by local associations in California include:

Alhambra—President, H. H. Montgomery; vice-president, Thad Harvey; secretary, Ralph S. Ingham.

Bakersfield—President, Leslie B. Hackney; vice-president, Walter Lindecker; secretary, Charles Ross.

Fresno—President, Robert Eaton, vice-president, John Olsen; secretary, Ernest Cochran (reelected).

Givan MacDonald & Co. V. P.

Harry Givan has been appointed a vice-president of D. K. MacDonald & Co. of Seattle. He has been in insurance work since 1936 and with Johnson & Higgins since 1942. A member of the U. S. Walker Cup team, he has been Pacific northwest amateur golfing champion four times.

Placement Board Work Told

San Antonio Insurance Exchange heard Arthur Randol, chairman of the board placement committee, review its work and the results obtained. A resolution on the death of N. H. White was adopted.

President Carlos Coon commented briefly on the Houston convention of Texas Assn. of Insurance Agents.

Herb Beitz, Kokomo, Ind., agent, has been advanced to second vice-president of Indiana Elks Assn.

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Pa. Case Seems Not to Disturb Expiration Control

(CONTINUED FROM PAGE 3)

power under his contract to require the issuing agents to write insurance exclusively through him, as the company had no right under its contract to require Phillips to write insurance exclusively for it. If the issuing agent is the owner of the expirations on the policies written by him (and there is no question that he is), Phillips has no more interest or right in the expirations than the company has, which is admittedly none.

Phillips appealed. The U. S. circuit court reversed the judgment of the district court and ordered a new trial. Subsequently the company petitioned the Supreme Court for a writ of certiorari but was unsuccessful.

The contract between Phillips and Pennsylvania Threshermen was unusual and ambiguous, Mr. Neville commented. The court took the position it was merely enforcing what company and general agent had clearly agreed to. It opined that the company had no right to solicit directly from insured nor could it do so indirectly by appointing Phillips' former agents and thereby acquire through them expirations. The company could not supply this information to a new agent and let him solicit the renewal nor could it do so itself without encroaching upon the property right it gave to the general agent under the contract. On what reason then could the company do the same thing by reappointing the former sub-agents who had enough information to enable them to appropriate the general agent's expiration?

It is said the sub-agent who wrote the policy has the records of the business in his office and upon the expiration of the policy has the right to solicit the business for any company that he may happen to represent at the time. The answer is that the question here is not what the sub-agent may do. The sub-agent would have no power to approach the policyholder in behalf of the company unless the company vests him with the power to do so; and the company should not thus cooperate with the sub-agent in doing what it has no right itself to do. When it does so, it violates its contract, the court commented.

At the present moment the law of the case appears to be on the side of the general agent, Mr. Neville said. How does this opinion affect local agents in their right to their expirations? Does it limit that ownership in any way which is novel or which has not been established heretofore?

The court based its opinion on the contract before it. The contract between general agent and company appears to have hybrid characteristics some of which one would expect to find only in a local agent's contract. Mr. Neville doubts if this set of facts could be duplicated. Therefore it could be easily concluded that this case, when finally determined, will be applicable only to this particular set of facts. However, exceptions have an annoying tendency to become the rule. Hence the case has been very carefully watched.

General agents for many years have taken the position that they own what is commonly called their plant, he noted. While the exact delineation of this property right in general agents is not as clear as in the case of owner-

ship of expirations by a local agent, it is an asserted right and has been for years.

The general agent spends time, effort and money developing a network of sub-agents tied to him and to the company by a variety of arrangements, and it is only natural that he should protect that which he has built. General agents with whom Mr. Neville has talked unanimously agree that the local agent owns the expirations, but the general agents own the plant.

Mr. Neville believes this means that in event the general agent's contract is terminated, the company is prohibited from interfering with the general agent's plant except by permission of the general agent. This would also mean, he thinks, that the company could not continue as its agent, without the consent of the general agent concerned, a local agent who had formerly reported through the general agent.

Most of the litigation on ownership of expirations had been confined to a relatively simple situation—a controversy between a company and a local agent, he added.

Since the famous Yonkers case in 1904, the first judicial pronouncement that established the ownership of expirations in the agent and allowed that agent to assign and sell this information, the principle has been guarded jealously and watched carefully, he said. Many other judicial pronouncements which in the main have upheld the Yonkers principle have further refined this valuable right of the agent.

The principle as such is well enough established to be sustained against any direct attack, but Mr. Neville doesn't believe that trouble, if and when it comes, will be presented in such a forthright manner. After all, this principle is dependent upon a certain set way of doing business and the judicial opinions are based in the main on very similar sets of facts.

Change either the way of doing business or raise problems not previously litigated, and no man may predict the answer.

For example, there has been some talk of continuous policies. If such a thing became a reality, could there be ownership of expirations in the traditional sense? If there is no expiration, how could someone own it? Or, take installment plans or annual renewal endorsements, which certainly raise questions (especially upon the termination of an agency with renewal or installment policies still on the books) which, if unresolved, may have a deleterious effect on this valuable agency right. It is in fact surprising that more difficulty has not already arisen in this particular.

Many agents feel that when an event occurs in their business which results in the loss of a line, there must have been a violation of the principle of ownership of expirations. This more often than not is untrue, he said. Agency companies, by and large over the years, scrupulously have adhered to the principle to which they have agreed by solemn contract. The principle in no way affects insured. He is free to his insurance business with whom and wherever he wishes.

About 1937 the following clause made its appearance in the average agent's contract and seems satisfactorily to resolve the ownership of expirations problem. "In the event of the termination of this agreement, the agents having promptly accounted for and paid over premiums for which

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Fla. Gov Agent Q

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he may be liable, the agent's records, use and control of expirations shall remain the property of the agent and be left in his undisputed possession."

A careful reader might say that by its very language this clause allows ownership of expiration by the agent only upon termination of the agency. However, in the case of Northwestern Underwriters vs. Hamilton a statement was made that the company is bound by an implied covenant of non-interference with the agent's expirations during the term of the agency.

Fla. Governor Signs Stiff Agent Qualification Law

The governor of Florida has signed the new licensing law for agents and solicitors that among other things grants limited authority to non-resident producers. The agents were successful in getting this bill passed but in order to get this they had to drop a bill modeled after that of Ohio dealing with controlled business and with the vendor angle.

In its final form the law requires the counter-signing local agent to receive the same commission as allowed by the state of residence of the non-resident, but in no event less than 25% of the usual Florida agent's commission or 25% of the non-resident broker's commission, whichever is the less. In its original form, 50% rather than 25% was specified. The non-resident can't come in to inspect a risk without the written permission of the insured or of the counter-signing agent. He is prohibited from directly or indirectly soliciting, negotiating or effecting insurance in Florida unless accompanied by a counter-signing agent. The fee for the non-resident agent's license is \$10. Broad discretion is vested in the insurance commissioner for suspending or revoking licenses. His powers are more general than they were and more things are specified.

The residence requirement for agent licensing is increased from six months to one year, and the educational requirements and business experience prerequisites are stiffened. The background requirements are also made more severe for solicitors.

Conn. Measures Signed

The Connecticut governor has signed the bill permitting surplus line handling. He has also signed a bill providing for the combining of fire insurance and other risks with certain casualty lines. He has signed a bill requiring finance company agents to show on their comprehensive and collision policies in legible type the fact that these contracts do not cover BI and PDL. The bill was passed specifying that limits of 20/20 BI and \$1,000 PDL will be the maximum required for security under the financial responsibility law. There has been an ambiguity in this respect.

The governor signed the bill on the extension of medical payments coverage to protect pedestrians as well as occupants of the automobile. He has signed the bill extending the benefits of the compensation act to a weekly compensation equal to 60% of the average weekly earnings and a maximum of \$40 per week instead of \$36.

Ohio Legislative Action

COLUMBUS, O.—The house insurance committee has killed a bill which would permit public officials to write public fire insurance.

The senate has passed the general appropriation bill with an amendment paying all workmen's compensation administration expenses from the state fund, and assessing self-insurers for their share.

Miami's Insurance Row Grows

The David G. Swartz agency of Miami has moved into its own one-story air conditioned building at 1028 SW

First Street. This is air conditioned and was built at a cost of \$50,000. This is in an area in which a number of other insurance offices have moved in recent years and has become known as "Insurance Row." The W. J. Moffatt agency is going to put up a two-story air conditioned building in the same neighborhood, and expects to be able to get into it this fall.

Canadian Adjustment Rally

Norman G. Bethune presided over the annual meeting of shareholders of Underwriters Adjustment Bureau at Montreal. He said there is a need for further bureau offices in Quebec and Ontario. The need for bureau services is also great in the Maritime and Prairie Provinces and British Columbia. Several Provincial governments had made serious complaints about lack of adjustment service, and the demand from agents and others is increasingly insistent.

The shareholders approved an increase in the number of directors from 16 to 20.

The new president is James Matson; 1st vice-president, J. H. Harvey; 2nd vice-president, O. W. Dettmers; general manager, C. N. Turner, and secretary, F. M. Gray.

Vacate Proposal for \$50

Ark. Mandatory Deductible

(CONTINUED FROM PAGE 2)

ing and farm classes. At that time Arkansas Assn. of Insurance Agents vigorously opposed the filling of any deductible.

In studying the present application now withdrawn, the department found widespread sentiment against the mandatory feature of the filing, principally coming from agency ranks and the public. The Arkansas association through its executive committee is reported as recognizing need for some relief to the companies, whether by rate increase or by deductible coverage. But the group is reported as against imposing deductible coverage on the public on a mandatory basis, taking the position that full coverage at an adequate, reasonable, though increased, rate should still be available. Agents recall that it has been less than three years since the previous increase was granted, and claim that the full effect of this hike has not yet been fully felt because dwellings and farm lines are written almost without ex-

ception on a term basis, with the result that the increased rates granted in 1950 are now beginning to be fully applied as this business comes up for renewal. For this reason there is further feeling among many agents questioning the imposition of deductible coverage without some reduction in present E. C. rates.

Wheeling System Criticised

Criticism was voiced of the way that the insurance has been distributed by the board of education of Ohio county, W. Va. Joseph Jefferson, Jr., of the Lee C. Paull agency of Wheeling made the complaint at the meeting of the board. He said that under the distribution system, the Paull agency which has as many as 19 agents, receives only three shares of the line and such an amount sometimes is allotted to a one man agency. George K. Wheat, as chairman of the committee composed of insurance men that handles this matter, defended the method of purchasing and said that it has been in effect since 1933. The board members said they would give consideration to any new system that Mr. Jefferson might propose and he said he would undertake to formalize a suggestion.

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EDITORIAL COMMENT

Tribute to Insurance Services

Some of the comments of Bernard Hamilton, manager Compensation Rating & Inspection Bureau of New Jersey, in his annual report, constitute remarkably pertinent arguments for those in the business who provide insured with service, such as the underwriter, the producer, and others.

He notes restrictive underwriting, when joined with the assigned risk plan, is not the answer to any problem and serves only to increase the expense of doing business through the introduction of bureaucratic methods in handling large numbers of assigned risks.

The bureau cannot take the place of broker, agent and company representative in the important job of bringing understanding to the business, he remarks.

Most assignments are handled by mail with relatively unsatisfactory re-

sults, except for direct writers and a few others, he states. The majority of assigned employers are small and ill equipped to deal with such matters as insurance by correspondence. A large percentage are employers newly in business and unfamiliar with their responsibilities. They have need for all the advice and assistance they would get from the personal visits of insurance men and which they cannot get through correspondence. The misunderstandings and apparent indifference that result try the patience of company underwriters, auditors, engineers and claim adjusters and in the atmosphere that then develops it is extremely difficult to bring about the cooperation and understanding that should be the basis of employer-insurer relation. It is also much more expensive than handling regular accounts.

One Plan to Have in the Hip Pocket

In all the planning and talk of planning that is going on today in the fire and casualty business little or nothing is being said about a program for use in a declining economy. Perhaps some insurers have some such outline of things that can be done to adjust to a smaller volume, though about all that has been publicly discussed is, infrequently, a warning by company men (once in a while an agent) about the need of reserves in the agency business.

On the contrary, many insurers have plans for a continuously expanding economy. There is now going on a readjustment in premium volume. Some large insurers are showing a slight decrease month by month. This is not serious, but neither is it the kind of expansion that has been occurring through several years. Some companies are increasing retentions and hiking the amounts they will take by line. The

results of these efforts range from indifferent to unsuccessful.

The general character of the policy of any company should be bullish and not bearish. In spite of what seems to be at least a leveling off of premiums in the fire field (casualty is still getting the effect of rate increases, and has other problems) the major emphasis certainly should continue to be on optimism. There is nothing to indicate that there will be more than a reasonable alteration in the months ahead.

But it would not be a sin, it would not ruin morale, it would not flutter a white flag, to have, on a stand-by basis, a few things already thought out that can be put into effect and at least tried should the escalator we have been on for so many years slow down and head down. It could mean the difference between panic and successful adaptation to changed conditions.

PERSONAL SIDE OF THE BUSINESS

Rev. Vincent G. Cullen, S.J., son of Vincent Cullen, president of Treaty Management Corp. and director of National Surety, was ordained at Woodstock College in Maryland on Sunday and will celebrate his first solemn high mass at St. Augustine Church, Larchmont, N. Y., June 28. At this service Rev. William Thumel, C.S.S.R., who is Father Cullen's uncle, will preach the sermon. Vincent Cullen's other son, Robert B., also of the Society of Jesus,

is now teaching at Loyola High School, Towson, Md. Vincent Cullen was formerly president of National Surety.

James A. Cathcart, president of General Re, is on a month's business trip to London.

H. C. Klein, secretary of New York Underwriters, marked his 50th anniversary with the company. He started at the home office and has been there all these years. He has long been recog-

nized as one of the outstanding authorities in the U. S. on U. & O. His associates marked the event with a luncheon.

A. I. Zimmerman, Los Angeles manager of American Surety, will represent the company at the celebration in Mexico City of the 40th anniversary of the founding of Compania Mexicana de Garantias, Mexican surety affiliate of American Surety. He will be in Mexico City for a week.

Henry F. McKenna, Jr., supervisor of industrial and highway safety engineering for the Employers group, has been elected chairman of the industrial section of Massachusetts Safety Council.

William Cooling, vice-president of Indiana Ins. Co., has been named a member of Gov. Craig's traffic safety advisory board.

Bernard W. Roos, vice-president of Associated Agencies of Chicago, has been appointed to the board of Aeronautical Advisors, state of Illinois, by Gov. Stratton. Mr. Roos has held a pilot's license for many years and is well known to the aviation industry.

Roger McCormick, president of Universal Mutual Casualty of Chicago, and Paul M. Corbett, president of Johnson & Higgins of Illinois, have been elected directors of National Boulevard Bank of Chicago.

E. J. Faulkner, president of the Woodmen Accident companies, Lincoln, Neb., has been named a member of the U. S. Chamber of Commerce committee on insurance for his second year.

A. E. Heacock, president of the Meserole companies, and Mrs. Heacock and C. R. Keep, vice-president, went to Detroit to entertain members of the Kelly, Halla, Peacock agency on their 25th anniversary, representing Bankers & Shippers. Mr. Keep enroute attended the wedding at Toledo of Sue Brown and John Gillam, the bride being the daughter of Ruel Brown, vice-president of the Welles-Bowen agency of Toledo.

A. J. Smith, Chicago manager of Crum & Forster, is back on the job after having undergone an operation.

Reed M. Chambers, New York, chairman U. S. Aviation Underwriters, suffered a painful sprained ankle when he tripped on a step at the Thousand Island Country Club, Alexandria Bay, N. Y., during the 100th anniversary celebration of Agricultural. X-rays revealed no fracture but Mr. Chambers was compelled to forego golf and to confine his activities to boat rides.

In publicizing the 1953 summer assignments of university teachers of insurance companies for a six weeks visit, the name of Dr. W. L. Bryson, Jr., was inadvertently omitted. He is head of the department of economics at Morgan State College at Baltimore, and is an outstanding legal educator. He is now "on location" so to say at the Hardware Mutuals at Stevens Point.

This is one of the summer fellowships that is provided by insurance companies to help college professors become acquainted with the practical problems of an insurance office. This program was set up in 1951 by American Assn. of University Teachers of Insurance.

H. W. Miller, U. S. manager of Commercial Union and general attorney of the Commercial Union-Ocean group, was tendered a luncheon by a group of his associates on his 40th Commercial Union anniversary. He was presented with a memento on this occasion.

DEATHS

TOM PORTER ELLIS, who was a partner in the Dallas local agency of Ellis, Smith & Co., and who was one of the prominent agency leaders of the state, died at his home at Dallas at the age of 68. He had been ill for several months. He had resided at Dallas nearly 50 years. He was a past president of Texas Assn. of Insurance Agents and of Dallas Assn. of Insurance Agents.

HARRY C. BEAN, 66, who retired about eight months ago as secretary of the western department of Travelers Fire, died of a heart attack at Hartford after returning from an extended European trip. One of Mr. Bean's stops in Europe was in Greece where he visited with his son, Harry, Jr., who is with the Voice of America at Salonika.



Harry C. Bean

Mr. Bean was born at Lexington and graduated from the University of Kentucky. He was secretary of Kentucky Board of Fire Underwriters, manager of the western Kentucky branch of Kentucky Actuarial Bureau, Kentucky state agent of Fidelity-Phenix and superintendent of sprinklered risk and engineering department in the western office of Fidelity-Phenix at Chicago before going with Travelers Fire in 1925 when the company was just being organized. He started as assistant manager of the western department, and two years later was appointed secretary. He served for a number of years as a member of the governing committee of Western Underwriters Assn.

MATTHEW M. MCKIM, who was with the claims department of Travelers at Pittsburgh, died there at the age of 45. He was a member of the first football team of University of Miami in 1926 and he graduated in the law school there in 1930.

LYMAN ROOT, who died recently at the age of 84, had served for a number of years as manager for Canada of Sun of England. He started with

Hartford Fire 1889 and was inspector. L. in a large fire. Ste. Marie, partner of and went with manager. F. Canada in 19

MRS. RICHMAN, vice-president writer Co. died at Mountclair, N. J., month. She among insur Indiana and the Nev services were Mr. and Mrs.

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NATIONAL UNDERWRITER

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ATLANTA 3, GA.—432 Hurt Bldg., Tel. Walnut 9801. Carl E. Weatherly, Jr., Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

Editor: Kenneth O. Force.
Associate Editors: John C. Burridge, Charles C. Clarke, William H. Faltyssek and F. A. Post.
Assistant Editors: Ellsworth A. Cordesman, and Warren Kayes.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—1102 Lafayette Bldg., Tel. Woodward 3-2826. A. J. Edwards, Resident Manager.

Executive Editor: Levering Cartwright.
Production Manager: Robert J. Lynch.
Teletype CG-654



KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

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Joseph H. Head, Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

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SURPL
FOR
SURR

Hartford Fire at the head office in 1889 and went to Canada in 1905 as inspector. Later he became a partner in a large insurance agency at Sioux Ste. Marie, Ont., and later became partner of D. C. Edwards, adjuster, and went with Sun in 1914 as assistant manager. He became manager for Canada in 1916.

MRS. GRACE SCHULENBORG RICHMAN, wife of Ralph E. Richman, vice-president of the National Underwriter Co. at the New York City office, died at Mountinside Hospital, Montclair, N. J., after an illness of about a month. She was widely acquainted among insurance people in Ohio and Indiana and later in Hartford, Boston, and the New York City area. Funeral services were at Tipton, Ind., where Mr. and Mrs. Richman grew up.

CHARLES H. WILLIAMSON, who had been in the insurance brokerage and company field from 1896, died suddenly. He was president of Alan H. Bonito & Co. from 1938 to 1942 and from then until 1950 was vice-president of Rhode Island Ins. Co. and president of U. S. Marine & Foreign Securities Co. From 1950 to 1952 he was president of Ocean & Inland Marine Agency at New York. He started in 1896 with Mather & Co. of Philadelphia.

ERNEST C. FOLSOM, 78, founder and president of Pioneer Ins. Co., which writes life and A. & H., died at Lincoln, Neb. Mr. Folsom also served as president of the Folsom Bros. Co. agency established with his brother, M. W. Folsom, in 1893. He founded Pioneer in 1899.

TOM LEEMING, 57, of the Chicago insurance law firm of Eckert, Peterson & Leeming died suddenly. He was especially well known in life insurance legal affairs, but his firm also has a large general insurance practice.

RAGNAR STEPHENSON, veteran company, bureau and independent adjuster of Chicago, died unexpectedly at the age of 60. For the past 2½ years he had been with the independent adjusting firm of Clement A. Boyle, handling fire insurance losses. Prior to that for many years he was with Cook County Loss Adjustment Bureau and still earlier was a staff adjuster for Home.

ARTHUR S. GROSSMAN of the Philadelphia local agency of Zinman, Grossman & Lichtenstein died at the age of 51. He had suffered a heart attack while on a fishing trip in May. He had been active in the business 35 years, starting with the agency that had been originated by his father in

1895. Through merger in 1948 this became Z. G. & L. He was chairman of the insurance group in the Trade Council of Allied Jewish Appeal.

ERICH L. GRIEBLING, former manager and later staff adjuster at Cleveland for Loyalty group, died there at the age of 75. He had been handling tornado loss adjustments growing out of the recent Cleveland storm. He was born at Milwaukee and went to Cleveland in 1911 to open an office for Milwaukee Mechanics. When this company became a part of Loyalty group, Mr. Griebling was manager of all companies until he asked some years ago to be relieved of responsibilities and was made adjuster.

NATHAN SPIRA, who was one of the best known public adjusters at Chicago, but who had been largely inactive for the past two years, died in his quarters at the Morrison hotel at the age of 81. He was a member of the public adjusting firm of Fienk, Spira & Fienk and he had been in the field since 1910.

T. P. MANNION, 86, retired pioneer El Dorado, Kan., local agent and former postmaster there, died following a long illness. He had been in the insurance business since 1904. One of his two sons, W. R. Mannion, now manages the agency.

ARTHUR M. BLANK, 67, president of the A. M. Blank Co. agency, Gary, Ind., which he founded in 1928, died at his home following a long illness.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co. 135 So. LaSalle St., Chicago, June 23, 1953

	Div.	Bid	Asked
Aetna Casualty	3.00*	108	111
Aetna Fire	2.40	52	53½
Aetna Life	2.50*	67½	69
American Alliance	1.00	31½	33
American Equitable	1.50	29½	30½
American Auto	2.00	46	48
American, (N. J.)	1.10	23½	24½
American Motorists .....	.40	12	14
American Surety	3.00	60½	62
Boston	1.40	34	35½
Camden Fire	1.10*	21	22
Continental Casualty	2.50*	79½	81
Crum & Forster Com.	1.60	45½	47
Fire Association	3.00	62½	64
Fireman's Fund	1.00	54	55½
Firemen's (N. J.) .....	.90	24	25
General Reinsurance	1.60	36½	38
Glens Falls	2.00	56	58
Globe & Republic .....	.80	15¾	16¾
Great American Fire	1.60	35	36½
Hartford Fire	3.00*	149	151
Hanover Fire	1.80	38½	39½
Home	2.00	39	40
Ins. Co. of No. America ..	2.25*	80	82
Maryland Casualty	1.20	23¾	25
Mass. Bonding .....	.....	21¼	22¼
National Casualty	1.50*	28	Bid
National Fire	2.60	61	62½
National Union	2.00	39	40½
New Amsterdam Cas.	1.50	41¾	43
New Hampshire	2.00	42¾	44
North River	1.20	28	29
Ohio Casualty	1.55*	60	63
Phoenix, Conn.	3.40	88	90
Prov. Wash.	1.50*	27½	28½
St. Paul F. & M. ....	.85*	29	30
Security, Conn.	1.70*	33	34½
Springfield F. & M.	2.00	44	45½
Standard Accident	1.60	43	44½
Travelers	14.00*	57	720
U.S.F. & G.	2.00	57	58½
U.S. Fire	1.50*	51	53

*Includes extras.

Sound Construction Withstands Worcester Blow

One of the curiosities of the destructive tornado that hit Worcester, Mass., and environs June 9 is the house shown below, which survived the fury of the storm remarkably intact. It is a 5-room house, built by the owner-occupant, Walter De Fosse, and its survival in a wind that blew down adjoining houses and a three-story apartment house, 150 yards from Assump-

curely anchored to the frame.

The evidence was conclusive that the Fosse house did not, by a quirk of the wind, escape the fury of it. The siding was dented by flying missiles, a timber had smashed a hole in the front room with enough force to shatter a 2x4 stud, the brass front door lights had been flattened against the siding, a splinter of wood had been



tion College, which suffered \$3 million of damage, has aroused the interest of loss men, engineers, and others.

J. Wendell Sether of the National Board, who took the picture, learned from Mr. De Fosse that he went to unusual lengths to make it sound. He filled the concrete blocks in the foundation with concrete, placed his anchor bolts two feet apart instead of the usual six feet, used five nails where two were normally employed and strongly braced the corners. He put four nails in every shingle.

It has been observed in Columbus, Ga., and elsewhere that a great deal of tornado damage might have been reduced if good practices of sound construction had been followed. In many cases in Columbus buildings were destroyed because concrete blocks had been insecurely anchored to the frame; brick veneer was stripped from buildings because it had not been se-

driven an inch deep into the siding outside, all windows were blown out and window frames at the front blown in. Yet there was remarkably little damage inside to anything. Not only did Mr. Fosse take precautions in the construction of the house, but, it is said, also carried adequate E. C., which many hit by the storm did not.

Mr. Sether and Fred Westervelt of General Adjustment Bureau entered the storm ravaged area about 45 hours after the occurrence as soon as they could get passes, in order to examine the damage in its more general aspects. They shot a number of still pictures and took an extensive footage of movies.

Mr. Sether is making a windstorm picture for the National Board. He flew to Columbus, Ga., after the storm there and shot both aerial and ground movies. One of the features of the film will be Mr. Fosse's house. It will also

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business
written through
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brokers
only

WANT ADS

Rates—\$15 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

WANTED

Excellent opening for a man who has had training in methods and planning, and has had experience in the insurance field, including planning flow of work in home office, branch office controls, and generally effecting efficient methods.

This is a real opportunity with a strong Midwestern company for the right man. Top salary. Reply National Underwriter, Box T-14, 175 W. Jackson Blvd., Chicago 4, Ill., giving name, age, full statement of qualifications and experience.

Our personnel has been advised of this ad.

SPECIAL AGENT AVAILABLE

Experienced Casualty and Fire field man. Many years' successful experience in production, appointing agents, servicing and field supervision, principally in Chicago, Cook County and Illinois. Outstanding record, excellent reputation, top-flight references. Have good car and large broker following. Excellent health. Willing to relocate, if necessary. Available immediately. Salary open. Will consider either company or agency connection. Address T-27, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED SPECIAL AGENT

Excellent opportunity for experienced Fire and Allied Lines fieldman to travel Midwest area for rapidly growing mutual company. Write fully stating qualifications and experience. Address Farm Owners Mutual Insurance Company, 2200 University Avenue, St. Paul 14, Minnesota.

WANTED

Combination safety engineer and payroll auditor wanted by prominent Stock Casualty Company for Northern Ohio territory. Headquarters Cleveland. Salary commensurate with ability. Address T-12, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ATTENTION—AGENTS AND BROKERS

To the Broker or Agent in the Chicago Metropolitan area who wants to retire: It will pay you to investigate our plan of servicing your business on a long term basis! Address T-23, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

GOOD OPPORTUNITY

Large Midwest Insurance Company is looking for an experienced fire prevention engineer. Some field work to begin with, with plan of organizing and heading up an engineering department. In reply state fully age, qualification, and salary desired. Address T-8, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

SPECIAL AGENT-BONDING

Large insurance company seeks the services of an experienced bonding underwriter to train as special agent. Some travel through New England & Penna. Salary \$5500. Send complete résumé including age, education, experience, 3 personal references. P.O. Box 281, Wall St. Station, NY 5, NY.

SPECIAL AGENT AVAILABLE

Married, 30 yrs. of age. Now located in So. Central Oklahoma. 7 yrs. Marine experience—4 yrs. Fire field experience—will relocate as Special Agent, Marine or Fire. Address T-24, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Experienced Safety Engineer for oilwell drilling contractor, with nine (9) rotary rigs operating in West Texas and Southeast New Mexico Area. In applying, give age, references, and experience. Reply Box S-63, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

ADJUSTERS

Leading multiple line group offers unusual opportunity for men experienced in adjusting fire and windstorm losses.

Good advancement possibilities. Cook County Territory. Excellent company benefits. 5 day week.

Call or Write
Mr. W. J. Horan
Room 1113 120 S. La Salle St.
Chicago 3, Ill. Telephone CENtral 6-8570

MARINE ADJUSTER

Excellent opportunity for young man under 35 in expanding claims department of one of the oldest and most progressive companies.

Some experience in adjusting inland and/or ocean marine claims. Will consider man with inland underwriting background. We are prepared to train for inside supervisory position. Address T-25, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AUTOMOBILE UNDERWRITING MANAGER

This is an exceptional opportunity for a top-flight man capable of assuming management of growing automobile department for a large and successful multiple line Capital Stock Company. Midwest location. Address T-26, The National Underwriter Company, 175 W. Jackson Blvd., Chicago 4, Ill.

INDIANAPOLIS AGENCY

We need a young man for Casualty underwriting. Prefer age 25 to 35 with company experience. Write or phone George H. Bott.

Marsh & McLennan, Inc.
1505 Merchants Bank Building
Indianapolis, Indiana

WANTED

Combination general insurance salesman and casualty adjuster for salaried position, with opportunity for profit sharing after demonstrated ability to sell, offering a chance for position of increasing responsibility in well established agency. Aiken and Company, Florence, S.C.

APPRAISER

Large insurance company seeks services of experienced appraiser, knowledge of rating schedules essential. Insurance company or inspection bureau experience preferred. Limited travel. Send a complete résumé including work history, 3 personal references and salary desired. P.O. Box 281, Wall St. Station, NY 5, NY.

WANTED CASUALTY SPECIAL AGENT

By old responsible Casualty Company, Young Man with some casualty field and underwriting experience in Midwest operating from Des Moines. Right man can make excellent future for himself. Address P-48, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED COMPTROLLER STATISTICIAN

Mid-West Branch of fast growing casualty company has new position open. Location—Central Illinois. Age to 40. Must have experience with all phases of statistical work. Good opportunity. State experience—education—personal information—references. Replies confidential. Address S-94, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY COMPANY WANTED

by old-established agency, good record and unusual financial standing, due to increased volume. Write Post Office Box 433, Dayton, Ohio.

(CONTINUED FROM PRECEDING PAGE)
contain "after" features of Columbus and Worcester areas to show the rebuilding made possible by insurance money.

The catastrophe office in Worcester, which is in charge of Donald B. Sherwood, general adjuster of the National Board, has been acquainting those affected by the storm with their rights and obligations under insurance coverage. The Worcester papers for some days carried daily stories, and Mr. Sherwood arranged for a 15-minute radio broadcast of a discussion panel consisting of Sydney Cashner, chairman of the disaster committee of the Worcester board, and James Leizure, manager of G.A.B. at Worcester. Spot announcements were carried by Worcester stations and picked up by Boston stations. The theme was substantially the same in all cases—contact your local agent, protect undamaged property, make temporary repairs to protect undamaged property and be patient—hardship cases get settled first.

Another piece of practical public relations was the uniform price list for repairs and building materials worked out by Mr. Sherwood and Master Home Builders Assn. of Worcester, which protects both insured and uninsured against the speculator and fly-by-night operator who tries to take advantage of a disaster.

The estimate of damage in the Worcester-Holden-Shrewsbury area, including some wind and hail damage in surrounding areas, still stands at about \$25 million on 10,000 losses.

The path of the storm was, according to those who viewed it afterward, narrow and erratic. Hills caused it to rise and property for a space was not so hard hit. The Diamond Match Lumber Co. near Assumption College, which was insured in the stock companies, was hard hit. As the storm moved along, nothing stood that was in the vortex. Many three deckers were in the path and were ruined.

Boost Pan American Capital

By declaration of a \$100,000 stock dividend, Pan American Casualty of Houston plans to increase its capital to \$400,000. T. E. Gammage, Sr., president and chairman, said the company expects to write \$3 million in premiums in 1953, with the loss experience for the first five months showing some improvement over 1952. Current assets are \$2,300,000.

Grand Rapids Assn. of Insurance Agents is holding its summer outing at Green Ridge Country club June 25. N. C. Neesley is general chairman.

EXECUTIVE DESIRES CHANGE

Present administrative executive of moderate size casualty company would like similar position with faster growing company. Now supervising operations in over 25 states. Eighteen years experience with unblemished record. Specialist all phases automobile insurance. Completely familiar all operations of stock company. Age early forties, excellent health. Will locate anywhere desirable position is available. Complete information and photograph gladly furnished upon inquiry. Address T-29, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AMERICAN MUTUAL

Desires experienced workmen's compensation salesman for Detroit area. Our salary and commission plan very attractive. Excellent promotional opportunities. Address T-28, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Pither Transferred to Rio as A.F.I.A. Brazil Chief

Allan L. Pither, formerly Pacific Coast manager for American Foreign Insurance Assn., who has been transferred to Rio de Janeiro as manager for Brazil, started with the company following World War II. In 1948, as American Foreign midwest supervisor, he opened the company's Chicago office, and two years later went to San Francisco as Pacific Coast manager to establish an American Foreign office there. He is a C.P.C.U.



Allan L. Pither

Cooperative "Ads" in Mich. Stress Tornado Cover Need

LANSING, MICH.—Cooperative advertising campaigns are being undertaken in some Michigan cities by agent groups in the wake of the recent tornadoes. Lansing Assn. of Insurance Agents has started a series of "ads" in the State Journal, emphasizing the need for adequate extended coverage. Illustrated by a scene of devastation wrought by the Flint tornado, the advertisement lists 30 agency members providing facilities for protection of property against tornado perils along with other hazards.

At Bay City, 23 agencies took a page and one-third in the Bay City Times over the past week-end to stress the need for adequate windstorm coverage. This cooperative "ad" also was profusely illustrated by scenes from several of the Michigan twisters.

Even without special exploitation, most agencies throughout the state have experienced a sharp upturn in demand for extended coverage since the tornado epidemic made the public windstorm-conscious.

A warning is being sent out by the Michigan association relative to the need for property inspections at this time in the wake of the recent tornadoes and hailstorms.

It is noted that some damage to property probably has gone undetected so far and property-owners who suspect possible losses should look over their premises carefully with that fact in mind. It was pointed out that hail damage to flat roofed mercantile buildings is particularly common and that if the damage is not detected now melting snow next winter is likely to reveal it.

W. O. Hildebrand, association secretary-manager, said the insurers are anxious to settle all claims fully and promptly but that delays in reporting losses make it less likely that adequate proof of loss can be provided.

Coy Is Lincoln President

Lawrence C. Coy was elected president of Lincoln (Neb.) Assn. of Fire & Casualty Agents at the June meeting. Reese D. Wilson was named vice president; Stewart Leese, Travelers secretary.

Factory Mutual Men Rally

The annual field men's conference of the Factory Mutual companies was held at the Marshall hotel at York Harbor, Me., this week. This took all of the field men of the nine constituent companies and the entire group exceeded 150 in number.

W. B. Gibson Goes Into Field

W. B. Gibson has been appointed special agent by Pan American Casualty of Houston. He has been in the underwriting department and graduated at S. M. U. in 1949, and at one time was with Traders & General.

Stellwagen Competitor

(CONTINUED FROM PRECEDING PAGE)
tion been so pretation, so tical purpose fer our comp ean cartel pared to fig if you don't deny the lac privilege of and clothing quality.

When we ness, compe actions amon executives. So are and indi Some regard ploze it. Ind appear to fe place in the would stifle realize that t in turning b Canute with Among those view of comp ranks of stock the stock compar be so? I sug rather than i too close to t It is easy to the situation competition agent against agent, and o against another accordingly. This cooperative "ad" also was profusely illustrated by scenes from several of the Michigan twisters.

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Stellwagen Appraises the Competitive Picture

(CONTINUED FROM PAGE 1)

sion being subjected to warped interpretation, sometimes for seeming political purpose. But on the whole we prefer our competitive system to the European cartel system and we are prepared to fight for the American way. If you don't believe that, just try to deny the ladies in your household the privilege of shopping around for food and clothing on the basis of price and quality.

When we come to the insurance business, competition inspires mixed reactions among agents and company executives. Some frankly don't like it and are indignant about its existence. Some regard it favorably; some deplore it. Indeed, there are a few who appear to feel that competition has no place in the insurance business and so would stifle it. They don't seem to realize that they will no more succeed in turning back competition than did Canute with the waves of the sea. Among those who take a jaundiced view of competition are some from the ranks of stock company executives and stock company agents. Why should this be so? I suggest that those who fear rather than favor competition may be too close to the trees to see the forest. It is easy to get a distorted view of the situation by looking only at the competition of one stock company agent against another stock company agent, and one capital stock company agent against another capital stock company agent. Accordingly, propose that we consider the subject of competition from the standpoint of the insurance industry as a whole. If we will do that, we will secure a more accurate and comprehensive estimate of the force of competition in our business. We can appraise its strength and its weakness, its impact on our own way of doing things, and I would hope eventually guide our own conduct in a business which, though regulated, is in fact a highly competitive one.

Let us begin our investigation by making an appraisal of the competitive position of stock and mutual companies. By mutual companies, I would refer at this point to the large national commercial mutual companies.

Generally speaking, both classes of companies operate on a common rate level and both are to a large extent multiple line. The writings of mutual companies are particularly heavy in the field of workmen's compensation and only a little less important in the field of automobile and general liability. They are weakest in the burglary and bonding lines. Stock companies, of course, operate through the American agency system, whereas the large mutual companies operate through different systems. Several of the largest pay no commissions whatsoever and acquire their business through salaried salesmen. Others operate through agents and in some instances pay such agents a lower rate of remuneration on renewal business than they do on new business. When we come to judge the underwriting results of these two classes of companies, we are frequently confronted by the representation of the mutual companies that they write only preferred risks and, therefore, have a superior loss ratio to stock companies. For companies writing a cross-section of the national business, this representation is bunk. On the basis of the annual statements filed with insurance departments, the non-stock company loss ratio for the past five years is practically identical with the

loss ratio of the stock companies. On the other hand, the expense ratio inclusive of production expenses for mutual companies is roughly 15 points below the total expense ratio of stock companies. It is largely from this difference in cost that mutual companies realize the sums they are able to distribute in dividends to their policyholders.

These large multiple line mutuals are particularly effective in the area of the large risk, and especially so in those states where flexibility of operation is denied stock companies.

The effectiveness of these companies decreases as the subject matter of insurance comes closer and closer into intimate relationship with the policyholder. Thus, these companies are not so effective in such areas as personal liability, burglary, robbery, and theft, personal accident and fidelity and surety bonds.

The competitive advantage which the large mutual companies offer is, of course, a dividend and consequently a lower net cost of insurance to the policyholder. There is an answer to that form of competition and I should like to reserve that until we have finished with our appraisal of the entire industry. It seems pertinent, however, to inject at this point an observation with relation to what I understand to be the official position of these companies on the matter of rates and rate regulation. They contend for uniformity of rate, rating method, and policy form. They are interested in the regimentation and standardization of every aspect of rate and rating method. Through such action they seek competitive advantage. Perhaps this sounds like a paradox, but you will perceive that, if every company has to charge the same rate, derive it by the same method, and use the same policy form, the mutual companies will have created a situation under which their dividend has a strengthened appeal to the policyholder. Do not be misled into believing that the mutual advocacy of uniformity to pro bono publico—it is strictly pro bono mutuo. This attitude has been manifest in the debates on the all-industry rating bill and in every rating committee and organization where stock and mutual companies join in the consideration of rates and rating plans.

Another element of competition is the struggle between specialty and all-purpose insurance companies. These companies specialize in a single line of insurance and usually in automobile or in accident and health. One of these specialty companies claims to have insured 1½ million private passenger cars last year and another 2,400,000 automobiles of various types. In the accident and health field one of these companies is writing in excess of \$100 million. Some of these are stock companies and others are mutuals. Many of them have come into being as an offshoot to some other commercial enterprise, such as manufacturing or merchandising. Technically, they operate through agents although they are not agents in accordance with your concept or mine. Generally these so-called agents are estopped from representing any other company. Their activities are so directed as to allow them hardly any independence of action. They are remunerated on a modest fee or commission basis and, since they do not own their expirations, they are seldom if ever paid a fee or commission on renewals.

Generally speaking, these companies operate on an expense ratio lower than

Lyman Baldwin Is Head of New Company at Omaha

Central National Life has been organized at Omaha with Lyman C. Baldwin, formerly vice-president of Security L. & A., as president. Clarence L. Landen, Nebraska banker, is chairman.

Initially, the company will write only credit life and A. & H., though at a later date it will develop and will write all regular life and A. & H. coverages. Paid in capital and surplus is \$500,000, with capital of \$350,000. For the present, the company will confine operations to the mid-west.

Entering the business as an agent at Denver in 1933, Mr. Baldwin later became general agent in western New York for Union Mutual Life. He returned to Denver in 1941 as superintendent of agencies for Security L. & A., and after war service was named a vice-president. Later he became a director and a member of the executive committee. He has served as L.I.-A.M.A. A. & H. committee chairman and recently was named to a second term as chairman of the agency section of H. & A. Underwriters Conference.

New Jersey Field Men Elect Rose as President

Edgar O. Rose, Pacific National, was elected president at the annual meeting of New Jersey Special Agents Assn. at Morristown.

Henry G. Heins, Corroon & Reynolds, is vice-president; E. J. Peiffer, Duquesne Fire & Marine, treasurer, and Charles E. Klein, Corroon & Reynolds, secretary.

George T. Walthour, Meserole group, is retiring president.

the stock company expense ratio by 10 or 15 points. On the basis of this differential they are able, even in strictly regulated states, to secure for themselves deviations from the rate level employed by the balance of the industry.

The competitive appeal of these specialty companies is based on price and a profession of particular competency in a given field testified to by the enormous volume of business transacted by them in that field. The potency of their appeal will come home when I tell you that the three largest premium writers in Virginia today are specialty companies.

A third factor in the competitive situation is the non-admitted company. These, both domestic and foreign, do an enormous business in the U. S. I refer not to the reinsurance business but to the direct writing of individual risks. Ironically enough a company may elect not to enter a given state, avoid the payment of taxes and fees, and enjoy complete immunity and freedom from the licensing and regulatory laws of that state. Indeed, I have seen pamphlets and read speeches in which these non-admitted companies boast of their complete freedom of action as contrasted with the crippling restrictions applicable to admitted insurance organizations. Thus far the states have apparently been unable to cope with this problem.

There is a final element of competition concerning which we hear a lot said but which, in my judgment, is minor and insignificant compared with the others. I refer to the competition between bureau and non-bureau companies—sometimes called tariff and non-tariff companies. To begin with, these companies are all stock companies; they all do business through the American agency system. Generally speaking, their rate levels are the

same. They may differ in rating methods and in rating plans and they may also differ in the character and content of their policy forms. The difference between bureau and non-bureau companies seems more psychological than actual and I think I can say with complete objectivity that certainly under current conditions, competition between the two groups is not severe and is by no means a problem.

The serious and ever-expanding competition which you and I must contend against is not that of agent against agent or of stock company against stock company, but it is rather the rivalry of the big mutual companies, the specialty companies, and the non-admitted insurers.

What shall we do about it? I have no plan, no panacea that will resolve all our problems in a twinkling. Indeed, it is hardly likely that the difficulties of the current competitive situation will be resolved by a quick and brilliant solution. What we can do, however—and what we must do right now—is attune our minds to a point of view which is necessarily antecedent to the adoption of specific plans and programs. It is my belief that such a point of view involves the acceptance of these propositions:

—Stock insurance must operate at the professional level; that is to say, it must sell protection on an integrated multiple line basis and refuse to sell individual policies on an unrelated basis.

—Stock insurance must be receptive to and sympathetic with invention and initiative in the area of policy contracts and rating methods.

—Stock insurance must ever contend for the maintenance of a free and flexible market for insurance.

Our first suggestion is that we practice what we preach, that is, transact our business on a professional basis. What do people expect of us? I feel sure that people are looking to insurance for the preservation of asset values, whether those values are represented by real or personal property, money, securities, a going business or earning power. They seek to preserve those values against their physical destruction from any cause and against their loss or impairment by theft, claims for damages or personal accident.

Will this desire for total protection be met by providing an isolated automobile policy or by the sale of a limited form of accident insurance? The answer is, obviously, no. For us to attempt to meet a client's need in that manner would be just as reprehensible as a lawyer who helps his client out of one difficulty but lets him fall into a pit with respect to others. The people's desire for complete protection can only be met by a carefully conceived insurance program. Each client's asset position must be evaluated and a group of correlated insurance policies or a set of combination forms developed for his protection against all exposures to loss. The American agency system is the only organization in existence today which can do that job. The salaried solicitor of a participating company and the so-called agent of a specialty company cannot hope to compete with any one of you here today in giving the public the service which it requires and which it requests.

Nor is there any organization comparable with a multiple line stock insurance company for furnishing the insurance facilities required by public demand. Thanks to multiple line underwriting laws, single stock compa-

nies and groups of stock companies can furnish practically everything in single policies or in combination policies required to embrace the entire property and casualty field.

I am sure that these conclusions are correct—thousands of successful agents testify to their successful application. Indeed, I dare not accept a contrary point of view for this reason. If we fail to approach a policyholder on an overall account basis and if we seek to compete with a specialty company by holding ourselves out as purveyors of a single line of insurance, like automobile, then I assure you that we will both fail. As a company, I cannot compete with a specialty company on its own terms and I say to you that you cannot, without going broke in the process, compete with the sales organization of a specialty company on its terms.

It is the mission of stock insurance to make available to the public a program of protection plus service. Broadly speaking, we companies furnish the protection—you agents provide the service. If we stick to that fundamental program, which is unique with us, if we really do operate at the professional level, we are bound to forge ahead in the competitive race.

My second proposition is to the effect that we must be receptive to new developments and new methods in the areas of rating methods and policy contracts. Ours is not a static business and, if you would appreciate how thoroughly conditions have changed, compare some of the policy forms and rating methods in force today with those which were considered orthodox not more than 25 years ago. I feel very strongly that we should keep our minds open today to an extent that we may anticipate future changes which in themselves will be just as dramatic as the changes which have developed over past years and which we now take for granted. Although the attitude of the open mind will be generally accepted and applauded, it is necessary to remind ourselves that we have on occasion brought our differences in point of view out into the open and that the stock industry has been in the unhappy position of publicly quarrelling over such issues as graded expense loadings, retrospective rating, catastrophe insurance, and other issues which are better left to amicable negotiation at the private conference table.

It seems inevitable that the facility and freedom of multiple line underwriting power will generate many new ideas. Some will be good, they will find popular favor, and will be generally adopted for the good of all. Other ideas which prove unworkable or unacceptable to the insuring public will fall of their own weight and so give room for other ideas to flourish. My point is that we should not oppose the new merely because it is new nor should we indict any honest effort to advance the ability of stock insurance to compete with those other forces which I have previously mentioned.

My third suggestion is to the effect that we should do all in our power to create and maintain a free and flexible market for insurance and, what is equally important, seek to avoid building a fence around our own business.

Let me make it clear at the outset that I am not advocating chaotic competition on the basis of price. I am entirely convinced that the run-of-the-mill business in most if not all broad categories of insurance must be rated

in accordance with the combined experience of all underwriters and in pursuit of methods which have been established by experience and custom as being useful and efficient. On the other hand, I do contend most strongly that underwriters should be free to apply their underwriting skill and judgment in the writing of risks which, by virtue of size or uniqueness, are entitled to individual treatment. I am impatient with the proposition that underwriting judgment is per se improper. Real discrimination is failure to discriminate, and I would remind you that the laws under which we operate do not prohibit discrimination—they only prohibit unfair discrimination.

We can aid in the creation of a climate of underwriting freedom by refusing to do those things which seem to promise immediate benefit but ultimately work for harm. Specifically, we should resist pressure for uniformity and regimentation of policy form and rating method. Proposals for the strict regulation of the business are insidiously put forth by direct writing, dividend-paying companies and have in the past, I am sorry to say, been embraced by some in our own ranks who feel that life would be easier with the elimination of competition. We must resolve not to build a fence around our own business. When we fence in our own pasture with restrictive non-resident agency and broker legislation and when we seek to establish by statute the amount of countersigning commission regardless of service rendered, we have only constricted the area of our own operations and left the rest of the world at the mercy of our competitors.

You and I both know that our competitors have made great strides in the writing of larger risks by taking advantage of the obvious fact that, as risks increase in size, overhead expenses decrease as a percentage of the gross premium. Are we always as aggressive as we might be in demanding rating systems which include the downward gradation of overhead expenses inclusive of commission? I regret to say that in some parts of the country, even today, that proposition is opposed by those whom it would benefit.

I think that all of us engaged in the stock insurance business will have to have another look at the all-industry bills which have been enacted into law in the majority of states. Unfortunately, those laws are being interpreted in many jurisdictions as a basis for uniformity of rating method and policy form for the entire insurance industry. Stock insurance suffers under such a philosophy and will suffer increasingly. It is a fact that the Congress, in delegating regulatory authority to the several states, had it in mind that competition would be encouraged and not stifled. It is ironic that in several states the opposite has been achieved. The enactment of multiple line legislation in many states has made the rating laws difficult of application to new developments in the insurance field. That fact alone indicates the necessity for reviewing our rating laws.

In the fall of this year it would be well for the stock insurance interests, both company and agent, to join in a re-appraisal of the rate regulatory laws. Keeping in mind always that such laws must satisfy the requirement of public law 15, we should determine the nature and extent of regu-

LATE NEWS

(CONTINUED FROM PAGE 1)

less than a year. Then he became a map clerk for a New York agency. In 1914 he became an inspector with National Inspection Bureau, operating out of Chicago. In 1918 he returned to New York as a special risk underwriter for Niagara Fire. In 1922 he became special agent for New Jersey for National Union, and joined London Assurance in 1924.

• Appointment of William B. Hoare to superintendent of agencies for Aetna Fire at Los Angeles is announced. He succeeds Howard Hendrickson, who is being transferred as a marine specialist to the bay area with headquarters at San Francisco. Mr. Hoare has been survey engineer.

• Charles A. Loughin, vice-president and general counsel of Home, has been appointed chairman of the laws committee of National Board, succeeding president J. C. Hullett of Hartford Fire, who recently became chairman of the executive committee.

• Willard E. Wormwood is retiring as special agent in Maine for North British & Mercantile and is succeeded by Arthur C. Buettner, who has been his field associate. New England department field men presented Mr. Wormwood a leather easy chair at a dinner tendered him at which Secretary P. A. deGruchy presided.

• Employers Mutuals of Wausau, have appointed the J. Walter Thompson Co. Chicago, as advertising and public relations agency.

C. A. Cole Casualty Head of General Fire & Casualty



Clarence A. Cole

Clarence A. Cole has been appointed manager of the casualty department of General Fire & Casualty of New York. He had formerly been supervising underwriter at New York for Zurich. He started in the business 36 years ago with Employers Liability and has seen service with Great American Indemnity and American Auto, as well as Zurich.

Schrage Leaves Wis. Field Post for Agency Connection

Paul F. Schrage, Wisconsin state agent of Aetna Fire for the past seven years, is the newly elected treasurer of the Carney-Rutter agency of Milwaukee.

Mr. Schrage is a graduate of Illinois Institute of Technology and a registered Wisconsin professional engineer. He is past president of Wisconsin Fire Prevention Assn.

Seeger Runs New Insurer

The Charles F. Curry Real Estate Co. which is behind the newly organized Mid-America Fire & Marine at 8 W. 9th Street is one of the largest real estate offices in Kansas City. They also operate the Charles Curry Insurance Agency. Harry A. Seeger, who is vice-president of Mid-America, will be the operating head. He runs the Charles Curry agency. Their present intention is to write Mid-America coverage on their own real estate situations with the idea of branching out later on.

Hookins Joins American

J. Scott Hookins has been named by American group as special agent in western Kansas to replace C. L. Hogan, who is going into the local agency business in Texas.

lation which will best serve the public interest. In all likelihood it will be found that much of the rate regulatory legislation on the books today represents a greater degree of control than is requisite to satisfy the requirements of public law 15, and so imposes unnecessary limitation upon the ability of both of us to meet the proper desire of the insuring public.

Mr. Hookins, whose headquarters will be at Wichita, graduated from the University of Kansas in 1946 and served in the army air force. For five years he has been in the Kansas field with Norwich Union.

Shiflette Colo. State Agent

William Shiflette, Jr., has been appointed state agent for Colorado for Houston F. & C., replacing M. O. Lindquist, resigned. Mr. Shiflette has been special agent and engineer for the company in Texas, Oklahoma, Kansas and Missouri.

Shift Gundersen to Mich.

Arthur L. Gundersen, Indiana special agent for Northern of England has been transferred to Michigan and will have headquarters at Detroit. Before joining Northern he was Indiana state agent for Kansas City F. & M.

Throgmorton at San Antonio

San Antonio Assn. of A. & H. Underwriters at its June meeting observed its 10th anniversary. Speaker was Louie Throgmorton, vice-president of Republic National Life. There were 71 members and guests on hand, with Hal Bennett, Employers group, the president, presiding.

Meadows in Tenn. Field

Security of Connecticut group has appointed Robert L. Meadows, Jr. special agent for eastern Tennessee. New headquarters will be established shortly at Knoxville.

Mr. Meadows attended Tennessee Polytechnical Institute. For the last few years, he has traveled as a special agent for a Nashville general agency.

Aetna Names Hudner in N. Y.

James H. Hudner has been named special agent to assist in the marine business of the Aetna Fire group in New York state. He replaces George M. Tomlinson, who is being transferred to the home office after many years in the field.

A war veteran and a graduate of Princeton University, Mr. Hudner had several months of marine underwriting experience in the home office before and after attending Aetna multiple line training school. His headquarters will be at Rochester, and he will travel the western and west central parts of the state.

Attending the American Red Cross convention at Washington have been Wade Fetzer, Jr., president of W. A. Alexander & Co., Chicago, and Lawrence Pierce of Muncie, Ind.

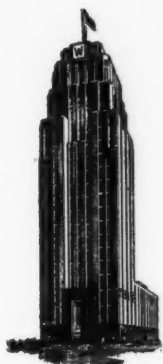
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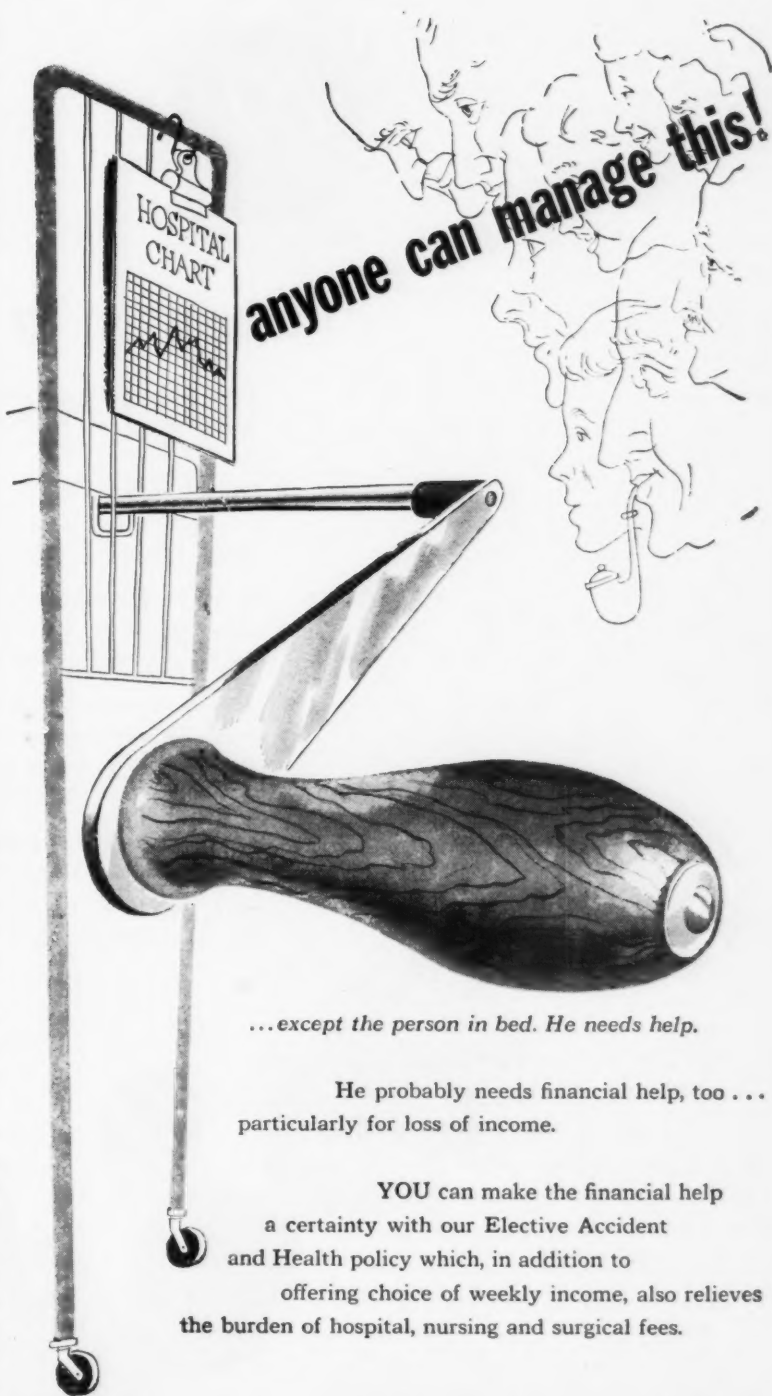
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